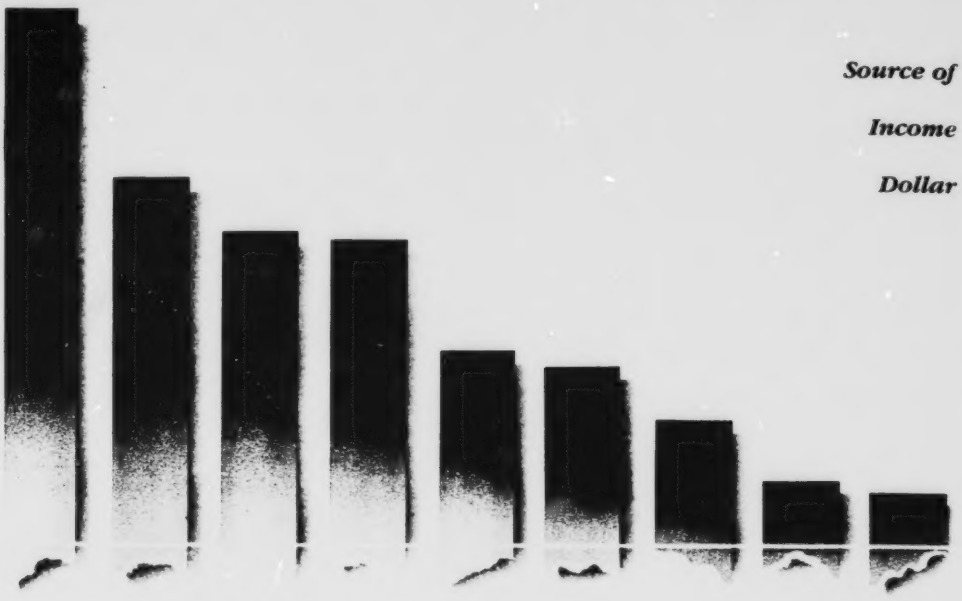
INTRODUCTION

The City of Edmonton is the largest municipal corporation in Canada by annual budget. Its budget for 1988 was $1.4 billion, including utility operations. It is unusual for a city to own its own power and telephone utilities but it is consistent with Edmonton's independent and self-sufficient approach. The financial reports and descriptions of different aspects of Edmonton provide some insight on civic activity and on the nature of the community served by its municipal government.

Combined Revenues and Expenditures Source and Distribution — 1988 Results

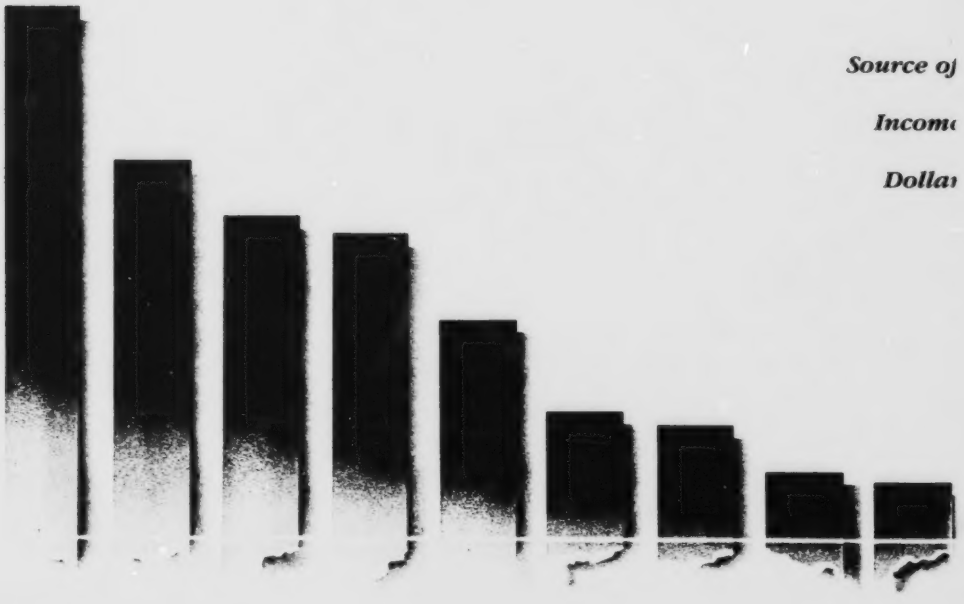
(in thousands of dollars)



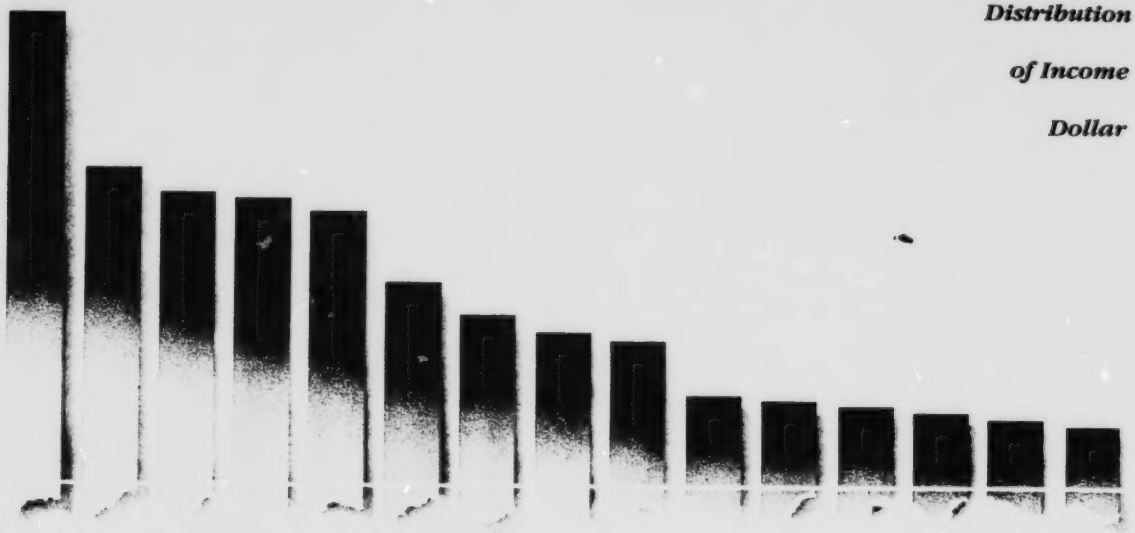
Source of Income Dollar

Combined Revenues and Expenditures Source and Distribution — 1989 Estimates

(in thousands of dollars)



Source of Income Dollar


Distribution
of Income
Dollar

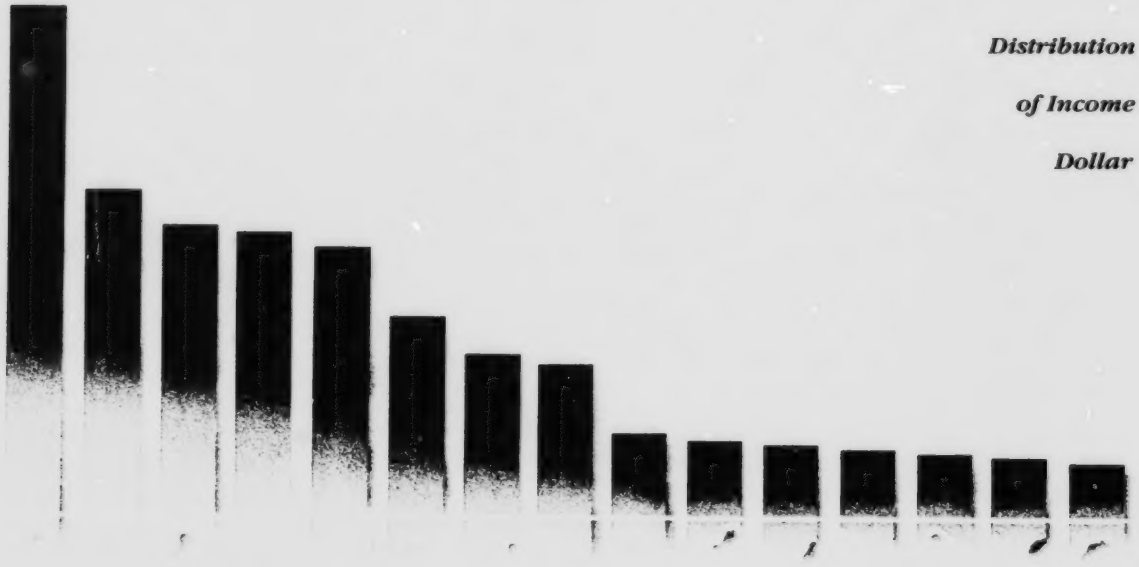

Distribution
of Income
Dollar

Table of Contents

4-6 **City Council, Officials And Organization**
7 **Report From The City Manager**
8 **Report From The General Manager Of Finance And City Treasurer**

Combined Financial Statements
9 Auditors' Report
10-11 Balance Sheet
12-13 Statement of Revenues and Expenditures
14-15 Statement of Equity
14-15 Statement of Reserves for Future Expenditures
16 Statement of Changes in Financial Position
17-19 Summary of Significant Accounting Policies
20-23 Notes to Financial Statements
24-27 Schedule of Revenues and Expenditures
27 Comments on Supplementary Financial Information
28-31 Analysis of Combined Balance Sheet

Combined Utilities Financial Statements
34-35 Balance Sheet
36-37 Statement of Income
38-39 Statement of City of Edmonton Equity
38-39 Statement of Contributions and Grants for Extensions to Plant
40-41 Statement of Changes in Financial Position

Schedules, Analyses and Statistics
43 Statistical Review
44-45 Analysis of Long-Term Debt
46 Schedule of Taxation
47 Schedule of Funded Debt Transactions
48 Statement of Interest Rates on Long-Term Debt
49 Summary of Outstanding Long-Term Debt
50 Annual Long-Term Debt Service Charges

Related Authorities – Financial Statements
51-57 Non-Profit Housing Corporation
58-62 Edmonton Research and Development Park Authority
63-68 Edmonton Ambulance Authority
69-73 Edmonton Convention Centre Authority
74-75 Edmonton Economic Development Authority
76-80 Edmonton Convention and Tourism Authority

Special Funds – Financial Statements
81-83 Sinking Fund
84-87 Reserves Fund
88-97 Pension Fund

Boards – Financial Statements
100-109 Edmonton Northlands
110-116 The Edmonton Public Library Board
117-126 The Royal Alexandra Hospitals
127-132 The Edmonton School District No. 7
133-143 The Edmonton R.C. Separate School District No. 7

City Manager — C.T.C. Armstrong
Finance — J.K. McAully
Personnel — J.A. Pare
Computing Resources — J. Mil[illegible]
Chief Coordinator — J. Tustian

Assistant City Manager of Utilities and Finance — Vacant
Assessor — Bill Jesse
Power — E.F. Kyte
Telephones — R.H. David
Environmental Services — E. Podivinsky
Public Works — A. Maurer

Assistant City Manager of Public Affairs — Vacant
Planning and Development — B. Duncan
Parks and Recreation — D. Ausman
Social Services — J.A. Lackey
Transportation — R. Millican (Acting General Manager)
Fire — L. Jenkins
Police — L. Chahley

Auditor General — E.J. Powell

Council
City Solicitor — J. Basey
City Clerk — U.S. Watkiss

Boards and Authorities:

Edmonton Northlands
- President — Don Sprague
- General Manager — G.S. Hughes

Royal Alexandra Hospitals Board
- Chairman — Mr. Michael MacDonald
- President — Mrs. Margaret Johnson

Edmonton Public Library Board
- Chairman — Sharon Pisesky
- General Manager — Vincent Richards

Edmonton Ambulance Authority
- Chairman — Dr. H.R. Stiebritz
- General Manager — D. Henderson

Edmonton Convention Centre Authority
- Chairman — David J. Nevett
- General Manager — E.K. Kolesch

Edmonton Convention and Tourism Authority
- Chairman — Adrian J. Palmer
- General Manager — R. Antonson

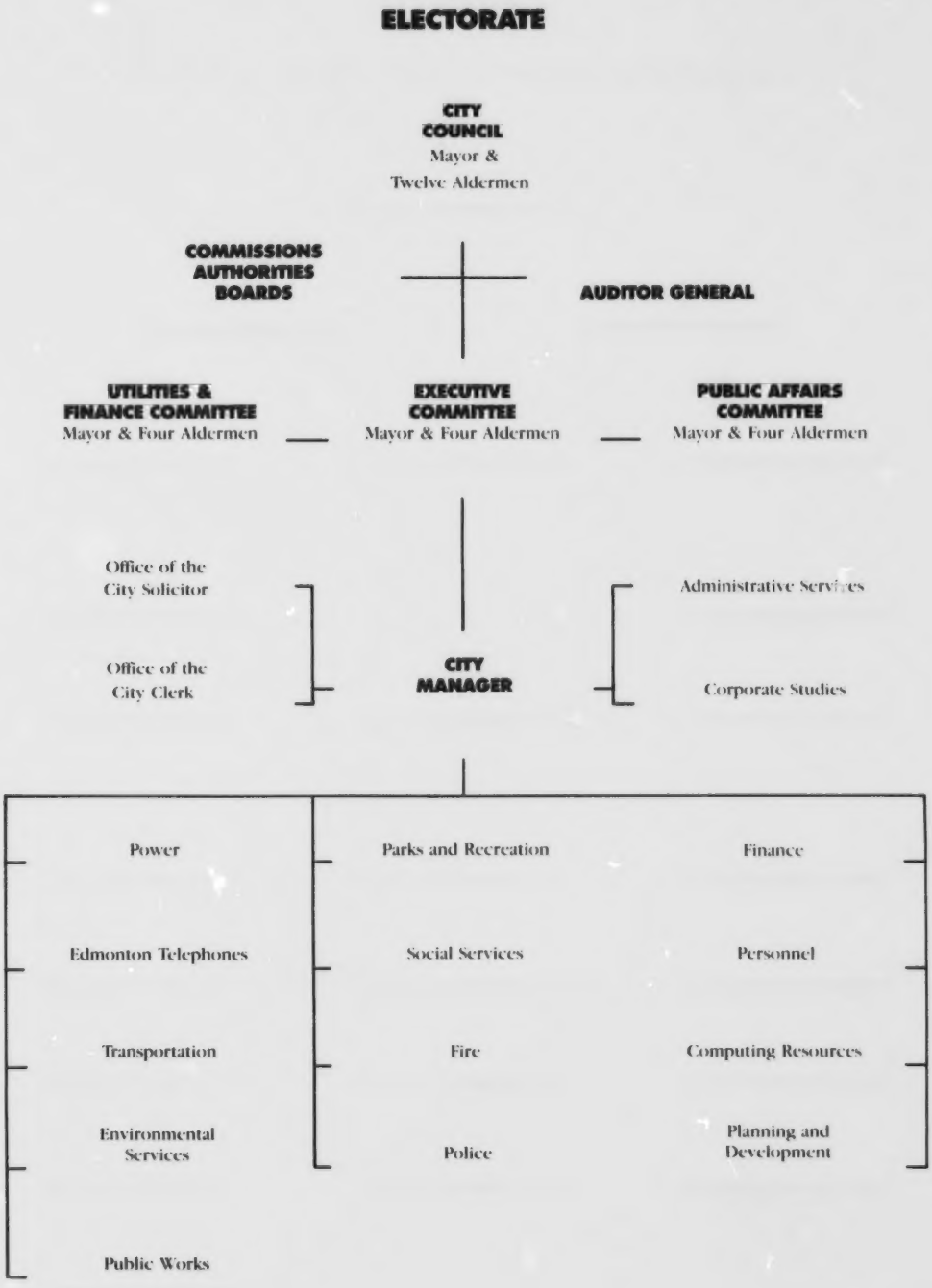
Edmonton Economic Development Authority
- Chairman — R. Snyder
- General Manager — W.F. Allcock

Edmonton Research and Development Park Authority
- Chairman — John Cuyler
- General Manager — G.A. Mitchell

Non-Profit Housing Corporation
- President — Ald. J. Kinisky
- Managing Director — D.A. McCullagh

Police Commission
- Chairman — John Butler
- Chief of Police — L. Chahley

Legislative and Administrative Organization Chart



The City of Edmonton Council

From Left to Right:
Alderman Helen Paull; Alderman Jan Reimer; Alderman Bruce Campbell; Alderman Judy Bethel; Alderman Lance D. White, P.Eng.; Alderman Ron Hayter; Mayor T.J. "Terry" Cavanagh; Alderman Julian J. Kinisky; Alderman Mel Binder; Alderman Ken B. Kozak; Alderman Patricia Mackenzie; Alderman Lillian J. Staroszik.

Report from the City Manager

Cy Armstrong
City Manager

Your Worship Mayor Cavanagh and Members of the Council of the City of Edmonton.
It is a pleasure to present the audited Financial Statements and Reports of the corporation of the City of Edmonton for the year ending December 31, 1988.

The year 1988 was one of consolidation and reflection, of challenges and progress. The City of Edmonton took a major step in 1988 in improving its already superior performance: the Management Team drafted the corporate Mission Statement and Goals, setting a vision for the corporation to follow and providing a corporate perspective for departments that had already undertaken quality improvement initiatives.

This mission, to serve the citizens of Edmonton by providing high quality, cost effective services to meet existing and emerging civic needs consistent with Council's policies, guided our efforts in 1988 and will direct our action for the future.

The Administration undertook initiatives to help the City streamline its organizational structure and its operation through programs such as the elimination of red tape and corporate recognition. A significant corporate reorganization grouped similar work functions together to reduce the number of departments, and improve communication. Key to the organizational change was the creation of a Public Works Department established to manage supply, service and construction functions. In addition, several departments undertook internal reorganizations, all designed to meet the challenges of providing superior service within strict budget guidelines.

Those challenges were met, and others answered as well: the Capital Priorities Plan, a new five-year budgeting strategy for capital projects, was introduced; the 1989 budget was approved, keeping tax increases less than inflation; a Corporate Computer Plan was developed to rationalize the major computing needs of the organization; a site for a new landfill was found; investigation of the flooding problems of north-central and northeast Edmonton was begun; the terms of reference for a review of 'edmonton telephones' status within the corporation started; and all employees were relocated from City Hall in preparation for the demolition of the old building and the construction of the new City Hall.

For 1989 there will be continuing effort to consolidate and streamline the organization. Quality Performance initiatives will proceed, economic development, product improvement and an increasingly pro-active approach to municipal service will be priorities.

I would like to thank the Management Team and all employees for their efforts in helping fulfill the corporate mission in 1988 and look forward to their continuing support in 1989.

Respectfully submitted,

Cy Armstrong

Cy Armstrong
City Manager

Report from the General Manager of Finance and City Treasurer

J.K. McAully
General Manager of Finance
and City Treasurer

Your Worship the Mayor and Members of the Council of The City of Edmonton

It is my pleasure to report that The City of Edmonton has successfully met the fiscal challenge of 1988 and continues to efficiently provide municipal services and maintain a sound financial position.

The favorable 1988 financial results are reflective of the effective fiscal policies and initiatives introduced by City Council and the Administration in meeting the ongoing objective of preserving municipal services at responsible levels of taxation and utility rates.

In accordance with the Debt Management Fiscal Policy, the level of capital expenditures and related long-term debt has been controlled to strengthen the City's financial position and reduce the burden of debt on future years' operations. As a result of this policy, the formation of tax-supported debt will be eliminated after 1990 and capital expenditures on tax-supported operations will be fully funded from general revenue. Tax-supported debt will ultimately be completely retired and the burden of debt servicing costs will then be eliminated from municipal budgets.

A review of taxation policy was continued in 1988 to work towards the ongoing objective of an equitable system of taxation in The City of Edmonton. Business taxes were maintained at 1987 levels, while a major survey was undertaken to provide information for City Council's decision on the future of business tax policy. Additionally, the millrate differential between single and multi-family residential property, first reduced in 1987 was further reduced in 1988.

The Combined Financial Statements at December 31, 1988, present a summary of the City's operations. Utility operations reported a surplus of $105.2 million while tax-supported general government operations reported a surplus of $13.7 million. General government revenues included $85.2 million in contributions from the utilities in the form of dividends and revenue tax. Tax-supported long-term debt decreased by $40 million due to the impact of the Debt Management Fiscal Policy. Utility long-term debt increased by $202 million, primarily as a result of issues related to the Genesee Power Project.

On behalf of the Finance Department, I would like to thank the Members of Council, the senior management team and other City officials for their continued support and cooperation in maintaining the fiscal integrity of The City of Edmonton.

Respectfully submitted,

J. K. McAully
General Manager of Finance and City Treasurer

COMBINED FINANCIAL STATEMENTS

The City of Edmonton is the largest municipal corporation in Canada. The annual budget for both municipal and utility operations is greater than $1.5 billion for 1989. The citizens of Edmonton own two major utilities, Edmonton Power and 'edmonton telephones'. Financial operations are coordinated for all aspects of the City's finances by the City Treasurer.

Light Rail Transit car in downtown Edmonton.

Computer mainframe suppc financial, inventory and payment systems for civic operations.

In addition to the usual functions, Edmonton has overseen the issue of over $750 million in debenture financing for the massive $1.2 billion Genesee electrical power generating project.

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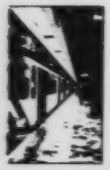


Financial practices have changed significantly since Edmontons incorporation as a city in 1905. In its more recent past, Edmonton has received awards from the Government Finance Officers Association for Excellence in Financial Management.

Auditors' Report

To His Worship the Mayor and Members of Council of
The City of Edmonton

We have examined the combined balance sheet of The City of Edmonton as at December 31, 1988 and the combined statements of revenues and expenditures, surplus, reserves for future expenditures, and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these combined financial statements present fairly the financial position of The City of Edmonton as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in the Summary of Significant Accounting Policies applied on a basis consistent with that of the preceding year.

The combined financial statements of The City of Edmonton for the year ended December 31, 1987 were examined by other chartered accountants who expressed in their report dated April 22, 1988 an unqualified opinion on those statements.

Thorne Ernst & Whinney

Edmonton, Canada
April 21, 1989

Chartered Accountants

Combined
Balance Sheet

(in thousands of dollars)

	December 31	
	1988	1987
		(Restated)
ASSETS		
Current Assets		
Short-term investments (Note 1)	**$ 24,844**	$ 21,791
Investments held in the Reserves Fund (Note 2)	**47,961**	41,767
Taxes receivable	**54,385**	51,506
Accounts receivable	**127,033**	144,869
Current portion of local improvement costs recoverable from property owners	**7,641**	6,839
Inventory of materials and supplies	**25,936**	23,409
Prepaid expenses	**1,707**	2,738
	289,507	292,919
Long-term leases receivable	**11,205**	11,406
Local improvement costs recoverable from property owners	**172,319**	176,595
Deferred receivable on land sales	**7,499**	6,766
Deferred charges	**16,340**	13,437
Deferred foreign exchange costs	**1,015**	2,516
Land inventory - at cost	**162,222**	155,075
Land held for future municipal purposes - at cost	**41,324**	53,342
Sinking Fund investments - at cost	**106,569**	82,328
Other investments	**219**	
Property, plant and equipment (Note 3)	**3,101,783**	2,860,938
	$3,910,002	$3,655,322

Combined

Balance Sheet

(in thousands of dollars)

	December 31	
	1988	1987
		(Restated)
LIABILITIES		
Current Liabilities		
Bank overdraft	**$ 20,284**	$ 32,932
Notes payable	**685**	56,926
Accounts payable and accrued expenses	**182,564**	154,575
Accrued interest on long-term debt	**68,311**	64,627
Principal due within one year on long-term debt	**169,967**	114,760
Deferred revenue	**7,677**	10,051
Deposits	**15,503**	9,032
Advances for construction	**13,287**	15,856
	478,278	458,759
Deferred revenue on land sales	**3,826**	3,826
Long-term debt (Note 4)	**1,946,894**	1,840,451
EQUITY (Note 8)		
Contributed capital	**695,896**	653,245
Utilities	**471,975**	406,011
Mill Woods Land Development Enterprise	**57,275**	67,405
Equipment Pool	**48,681**	47,482
Land Fund	**42,551**	40,055
Sinking Fund	**38,773**	32,477
Reserves Fund (unappropriated)	**27,733**	25,361
General Government (Note 5)	**22,575**	20,838
Self Insurance Fund	**12,678**	11,269
Water and Sanitation Construction Branch	**505**	206
	1,418,642	1,304,349
Reserves for future expenditures	**62,362**	47,937
	1,481,004	1,352,286
	$3,910,002	$3,655,322

Commitments and contingencies (Notes 6 and 7)

Combined Statement of Revenues and Expenditures

(in thousands of dollars)

	For the Years Ended December 31	
	1988	1987
		(Restated)
REVENUES		
General Government (Schedule)	**$ 783,687**	$ 751,074
Utilities (Note 8)	**642,081**	621,535
Less: Franchise Tax to General Government	**45,276**	43,408
	596,805	578,127
Mill Woods Land Development Enterprise	**23,173**	15,459
Land Fund	**11,555**	15,100
Reserves Fund earnings	**2,372**	908
Excess Sinking Fund earnings	**6,296**	4,045
Edmonton Ambulance Authority	**4,820**	4,865
Edmonton Convention Centre Authority	**4,693**	3,802
Research and Development Park Authority	**341**	1,315
	53,250	45,494
NET INTER-FUND TRANSACTIONS		
Equipment Pool	**1,199**	4,292
Water and Sanitation Construction Branch	**906**	(310)
Self Insurance Fund	**1,409**	391
	3,514	4,373
	$1,437,256	$1,379,068

Combined Statement of Revenues and Expenditures — continued

(in thousands of dollars)

	For the Years Ended December 31	
	1988	1987
		(Restated)
EXPENDITURES		
General Government (Schedule)	**$ 769,959**	$ 737,126
Utilities	**536,844**	526,899
Less: Franchise Tax to General Government	**45,276**	43,408
	491,568	483,491
Mill Woods Land Development Enterprise	**9,117**	5,289
Land Fund	**11,415**	19,222
Less: Interest funded by General Government	**2,356**	3,113
	9,059	16,109
Edmonton Ambulance Authority	**7,163**	7,154
Less: Transfer of deficit to General Government	**2,343**	2,289
	4,820	4,865
Edmonton Convention Centre operating expenditures	**5,910**	5,263
Less: Transfer from Edmonton Convention Centre Reserve		1,461
Funding from General Government	**1,217**	
	4,693	3,802
Research and Development Park Authority	**2,343**	2,616
Less: Funding from General Government	**2,002**	1,341
	341	1,275
Total expenditures	**1,289,557**	1,251,957
Excess of revenues over expenditures	**$ 147,699**	$ 127,111
EXCESS OF REVENUES OVER EXPENDITURES IS COMPOSED OF:		
General Government	**$ 13,728**	$ 13,948
Utilities	**105,237**	94,636
Mill Woods Land Development Enterprise	**14,056**	10,170
Land Fund (deficit)	**2,496**	(1,009)
Reserves Fund (unappropriated)	**2,372**	908
Excess Sinking Fund earnings	**6,296**	4,045
Research and Development Park Authority		40
Equipment Pool	**1,199**	4,292
Water and Sanitation Construction Branch (deficit)	**906**	(310)
Self Insurance Fund	**1,409**	391
	$ 147,699	$ 127,111

Combined Statement of Equity

For the Years Ended December 31, 1988 and 1987 (in thousands of dollars)

	Contributed Capital	Utilities
Balance — January 1		
As previously reported	$653,245	$415,156
Prior period adjustment (Note 8)		(9,145)
As restated	653,245	406,011
Add: Excess of revenue over expenditures		105,237
Customer and government contributions	58,156	
Transfer from General Government Surplus		
Deduct: Transfers to general revenue		
Transfers to finance capital projects		
Transfer to Water and Sanitation Construction Branch		
Transfers to reserves for future expenditures		1,903
Transfer to debt retirement		
Amortization of contributions	15,505	
Dividend payments to general government revenue		37,370
Balance — December 31	$695,896	$471,975

Combined Statement of Reserves for Future Expenditures

For the Years Ended December 31, 1988 and 1987 (in thousands of dollars)

	Municipal Housing Incentive Grants	Redevelopment Levy	Capital Expenditure Tax Levy	District Facilities	Snow Removal	Equipment
Balance — January 1	$8,371	$1,330	$1,100	$1,185	$1,500	$2,769
Source of funds:						
Current year tax levy						
Donations for specific purposes						115
Depreciation charged to operations						86
Surplus on operations						
Sale of assets						65
Transfer from surplus of previous years				3,500		
Transfer from other Reserves				1,100		
Transfer from general revenues						515
Interest earned		127		114		
Total Source of Funds		127		4,714		781
Use of funds:						
Capital expenditures		11		1,712		1,187
Donations for specific purposes applied						
Transfer to operations						
Transfer to other reserves			1,100			
Total Use of Funds		11	1,100	1,712		1,187
Balance — December 31	$8,371	$1,446	$	$4,187	$1,500	$2,363

Mill Woods Land Development Enterprise	Equipment Pool	Land Fund	Sinking Fund	Reserves Fund (Unappropriated)	General Government	Self Insurance Fund	Water and Sanitation Contruction Branch	Total 1988	1987
									(Restated)
$67,405	$47,482	$40,055	$32,477	$25,361	$20,600	$11,269	$206	$1,313,256	$1,240,887
					238			(8,907)	(8,944)
67,405	47,482	40,055	32,477	25,361	20,838	11,269	206	1,304,349	1,231,943
14,056	1,199	2,496	6,296	2,372	13,728	1,409	906	147,699	127,111
								58,156	55,338
									516
24,186					2,352			26,538	25,553
					939			939	7,442
									516
					8,700		607	11,210	10,889
									16,739
								15,505	16,651
								37,370	32,769
$57,275	$48,681	$42,551	$38,773	$27,733	$22,575	$12,678	$505	$1,418,642	$1,304,349

Heritage Festival Park and Edmonton Museum	Capital City Recreation Park	Parks and Recreation General	Convention Centre	Benefits	Convention Centre Hotel	Other	Total General Government	Utilities	Reserves Fund of The City of Edmonton	Total 1988	1987
$1,741	$6,323	$4,354	$1,055	$12,689	$	$2,500	$44,917	$1,000	$2,020	$47,937	$35,751
											2,190
		2,514		31	1,000	231	3,891		1,446	5,337	7,410
							86			86	85
	1	687				62	750		1,038	1,788	275
							65			65	1,378
				7,710			11,210			11,210	10,889
		5					1,105			1,105	
							515			515	1,326
167	615	225		1,218	63	4	2,533		194	2,727	1,091
167	616	3,431		8,959	1,063	297	20,155		2,678	22,833	24,644
2		3,614				133	6,659		392	7,051	8,326
		95	14			22	131		121	252	2,654
											1,478
5							1,105			1,105	
7		3,709	14			155	7,895		513	8,408	12,458
$1,901	$6,939	$4,076	$1,041	$21,648	$1,063	$2,642	$57,177	$1,000	$4,185	$62,362	$47,937

Combined Statement of Changes in Financial Position

(in thousands of dollars)

	For the Years Ended December 31	
	1988	1987
		(Restated)
OPERATING ACTIVITIES		
Excess of revenues over expenditures	**$147,699**	$ 127,111
Add (deduct):		
Items not affecting working capital:		
Depreciation net of amortization of contributions	**142,837**	148,948
Capital expenditures levy	**15,000**	15,000
Amortization of foreign exchange loss and deferred charges	**6,125**	6,781
Transfer from reserves and surplus to General Government	**(63,667)**	(73,496)
Transfer to reserves and surplus from General Government	**14,445**	11,215
Net changes in non-cash working capital balances relating to operations	**45,547**	57,642
Cash provided by operations	**307,986**	293,201
INVESTING ACTIVITIES		
Capital expenditures including local improvements	**(464,297)**	(453,651)
Disposal of equipment	**2,762**	10,365
Purchase of land	**(9,009)**	(9,661)
Land costs	**12,769**	21,442
Surplus invested in Sinking Fund assets	**(6,296)**	(4,045)
Changes in investments held in the Reserves Fund	**(6,194)**	(1,399)
Changes in other investments	**(219)**	
Cash applied to investing activities	**(470,484)**	(436,949)
FINANCING ACTIVITIES		
Debenture borrowings and mortgages	**264,000**	143,922
Increase in capital leases (net)	**202**	7,432
Changes in accrued interest on long-term debt	**3,684**	(6,675)
Contributions for capital construction	**31,443**	29,645
Government grants	**53,991**	49,880
Repayment of debentures	**(118,880)**	(216,655)
Cash provided by financing activities	**234,440**	7,549
Increase (decrease) in cash position	**71,942**	(136,199)
Cash position at beginning of year	**(68,067)**	68,132
Cash position at end of year	**$ 3,875**	$ (68,067)
Cash is comprised of:		
Short-term investments	**$ 24,844**	$ 21,791
Bank overdraft	**(20,284)**	(32,932)
Notes payable	**(685)**	(56,926)
	$ 3,875	$ (68,067)

Summary of Significant Accounting Policies

December 31, 1988
(in thousands of dollars)

A. FINANCIAL STATEMENT PRESENTATION

The Combined Financial Statements include the assets and liabilities, revenues and expenditures, reserves and surplus of those City funds and governmental functions or entities which have been determined to comprise a part of the aggregate City operations. This combination has been based on the responsibility and control exercised by the City over these entities. The General Government operations, the Edmonton Utilities, the Mill Woods Land Development Enterprise, the Land Fund, the Equipment Pool, the Water and Sanitation Construction Branch, the Self Insurance Fund, the Reserves Fund of The City of Edmonton, the Sinking Fund of The City of Edmonton, the Edmonton Ambulance Authority, the Edmonton Convention Centre Authority, and the Edmonton Research and Development Park Authority are included in this combination.

The Edmonton Convention and Tourism Authority and the Edmonton Economic Development Authority were created by Acts of the Provincial Legislature, and are included in the Combined Financial Statements to the extent of the provision of funds for their operations as approved by City Council.

The Edmonton Public Library Board, the Edmonton Local Board of Health and the Royal Alexandra Hospitals are administered by separate boards. The City of Edmonton owns certain of their fixed assets and as such, these assets are included in the Combined Financial Statements to the extent that related debenture borrowings are outstanding.

School administration is completely independent from City Council and subject to control by the Provincial Government pursuant to the provisions of the School Act. The only relationship between the School Boards and The City of Edmonton is that the City is obligated to provide funds raised by taxes deemed necessary by these two Boards. Thus, the Edmonton School District No. 7 and the Edmonton R.C. Separate School District No. 7 are not included in the Combined Financial Statements.

Edmonton Northlands is a not-for-profit company incorporated under the Laws of Alberta. The assets and operations of Edmonton Northlands are not included in the Combined Financial Statements.

The City of Edmonton Non-Profit Housing Corporation was incorporated as a limited company under the Companies Act of Alberta. The corporation is not included in the Combined Financial Statements and accordingly $48,408 of mortgages which are secured by $46,620 of assets of the corporation are not reflected in the Combined Balance Sheet.

The Pension Fund of The City of Edmonton is comprised of the assets and liabilities under the control of the Trustees of The City of Edmonton Pension Fund. The accounts of the Pension Fund are not included in the Combined Financial Statements.

B. GENERAL ACCOUNTING PRINCIPLES AND PRACTICES

The City of Edmonton organizes its accounting system to segregate accounts and related transactions by function as follows:

i) General Government Operations include the acquisition and financing of capital facilities and other assets, the various sources of revenues and expenditures, and the payment of interest and principal on long-term debt.

ii) In addition to the regular municipal operations, the City organizes and operates as accounting entities, the following Edmonton Utilities:

Emonton Power
'edmonton telephones'
Edmonton Water
Edmonton Sanitary Sewage System
Edmonton Municipal Airport

The administration endeavours to ensure that the users pay the full cost of the utility facilities and services, including an adequate return on capital invested. In accordance with the City's fiscal policy each Utility pays an annual maximum revenue tax of 8% based on annual qualifying revenues and a 9% dividend based on opening equity. These are included in General Government revenues.

Summary of Significant Accounting Policies — continued

December 31, 1988
(in thousands of dollars)

iii) The Mill Woods Land Development Enterprise, owned and operated by the City, is considered a municipal enterprise for accounting purposes. A self-liquidating financing concept is utilized, with the proceeds from the sale of land being sufficient to offset land acquisition and servicing costs and to provide surplus funds which are dedicated to the City Council approved Debt Management Policy.

iv) The Land Fund includes land held for future municipal purposes and land inventory held for resale. Land inventory held for resale is comprised of all surplus land not required for municipal or utility purposes. Gains or losses resulting from the sale or transfer of City owned land, except reserve and utility land, are recorded in the Land Fund surplus.

v) The Equipment Pool includes the vehicle and equipment operations for The City of Edmonton. Revenues are derived from charges made to user departments. The excess of revenues over expenditures, which is recorded as net inter-fund transactions on the combined statement of revenues and expenditures, is retained for the replacement of vehicles and other fixed assets.

vi) The Water and Sanitation Construction Branch provides storm sewer, sanitary sewer and water line construction services to City departments. Revenues consist of charges for construction work performed. The excess of revenues over expenditures is recorded in the Water and Sanitation Construction Branch equity.

vii) The Self Insurance Fund encompasses the City's insurance program. Revenues are comprised of premiums charged to all City departments for the insurance of assets and against any potential insurable losses or liabilities which may be incurred. Surplus funds, which are recorded as net inter-fund transactions on the combined statement of revenues and expenditures, are maintained in the Reserves Fund.

viii) The City also maintains special funds to account for the proceeds of specific revenue sources or to finance specified activities. The Sinking Fund maintains funds required to meet the City's redemption requirements of future years. Sinking Fund investment earnings in excess of those required to meet future debt requirements are maintained within the fund as unappropriated surplus. The Reserves Fund is comprised of funds established to finance various specified activities. Reserves Fund net earnings are distributed to reserve deposits and Reserves Fund unappropriated surplus (The City of Edmonton equity) based on their proportionate share of the assets. Bonds and debentures held in the Reserves Fund are valued at the lower of cost or market.

ix) The following activities of the City are carried out through authorities created by Acts of the Provincial Legislature:

The Edmonton Research and Development Park Authority for the purpose of operating research and development parks in the City;

The Edmonton Ambulance Authority for the purpose of developing, maintaining, managing and operating an ambulance service in the City;

The Edmonton Convention Centre Authority for the purpose of developing, maintaining, managing and operating a trade and convention centre in the City;

The Edmonton Economic Development Authority for the purpose of promoting and developing the economic growth of the City in a manner consistent with general economic development policies for the City as approved by Council; and

The Edmonton Convention and Tourism Authority for the purpose of promoting and developing the convention and tourism industry in the City in a manner consistent with a general convention and tourism policy for the City as approved by Council.

C. PROPERTY, PLANT AND EQUIPMENT

i) Municipal

Fixed assets employed in General Municipal operations, other than Storm Sewers, Solid Waste, the Equipment Pool, the Water and Sanitation Construction Branch and Edmonton Transit, are recorded at an amount equal to the debenture borrowings, Government grants, developer contributions and costs financed through general operations are applied to reduce the recorded fixed asset costs. These assets are depreciated at an amount equal to debenture principal repayments.

Summary of Significant Accounting Policies — continued

December 31, 1988
(in thousands of dollars)

For Storm Sewers, Solid Waste, the Equipment Pool, the Water and Sanitation Construction Branch and Edmonton Transit, fixed assets are recorded at gross cost, including any portion financed by developer contributions or government grants. The Equipment Pool and the Water and Sanitation Construction Branch assets are depreciated based on their estimated useful lives. For Storm Sewers, Solid Waste and Edmonton Transit, the debenture financed assets are depreciated at an amount equal to the principal repayments; the portions financed by grants and contributions are depreciated over the estimated useful lives of the assets.

ii) Utilities
Fixed assets included in Utilities are recorded at gross cost, regardless of financing sources. Interest on funds used during construction is capitalized at short-term borrowing rates. Depreciation is recorded on the gross cost of plant and equipment in service based upon the estimated useful lives of the assets.

D. LOCAL IMPROVEMENT COSTS RECOVERABLE FROM PROPERTY OWNERS
These receivables orginate with local improvements authorized by property owners and undertaken by the City. The construction costs and borrowing costs are recovered through annual special property assessments during the period of the related borrowings.

E. INVENTORY OF MATERIALS AND SUPPLIES
Inventory of materials and supplies is recorded at average cost.

F. INTEREST CHARGES ON LONG-TERM DEBT
The City records accrued interest on all outstanding long-term debt.

G. DEFERRED REVENUE
Deferred revenue is mainly composed of advance payments on lease rentals of telephone equipment, and one month advance billings charged by 'edmonton telephones' for telephone rentals to residential customers.

H. DEFERRED LAND SALES REVENUE
Deferred land sales revenue is composed of a land sales agreement which is due in 1996.

I. VACATION AND SICK BENEFIT PLANS
Vacation and sick benefit costs are recorded on a cash basis (see Note 6c).

J. RESERVES FOR FUTURE EXPENDITURES
Certain amounts are set aside in reserves for future operating and capital purposes.

K. LAND FUND SURPLUS
In accordance with the direction of City Council, profits from general municipal land transactions are maintained in a surplus account for the purpose of funding land inventory.

L. FOREIGN EXCHANGE ON LONG-TERM DEBT
All outstanding debt denominated in foreign currencies is translated at year end exchange rates. Gains or losses incurred on foreign exchange translation are deferred and amortized over the remaining life of the related long-term debt.

M. CONTRIBUTED CAPITAL SURPLUS
Contributions received from other governments and utility customers in aid of construction are recorded as contributed capital surplus for the Utilities, Storm Sewers, Solid Waste, and Edmonton Transit.

The contributed capital surplus on depreciable assets is amortized to income over the remaining life of the assets.

N. UTILITIES REVENUE
Included in Utilities revenue for 1988 are payments totalling $3,578 which relate to toll revenue settlements for prior years. Toll revenues are shared with Alberta Government Telephones under a revenue sharing formula whereby an interim calculation of revenue is made and collected with the balance of revenue determined through negotiations and agreement as to the retention rate earned by 'edmonton telephones'. These negotiations take place after the year end and are an ongoing process.

In prior years, the settlements were of a material nature and as a result were recorded as adjustments to prior years' financial statements. It is management's assessment that the net settlement for 1988 and future years is and will not be of a material nature and accordingly adjustments are being treated as current period transactions.

Note 1. **Short-Term Investments**

The following balances, which are recorded at cost, represent the City's short-term money market investment position.

December 31, 1988
(in thousands of dollars)

	1988	1987
Cash	**$ 5,062**	$ 5,091
Short-term investments (notes receivable)	**19,782**	16,700
	$24,844	$21,791

Note 2. **Investments Held in the Reserves Fund**

Investments held in the Reserves Fund of $20,228 are designated to fund Reserves for Future Expenditures and the Self Insurance Fund. The remaining $27,733 is not designated for specific purposes.

Note 3. **Property, Plant and Equipment**

The components of capital assets are as follows:

	Cost	1988 Accumulated Depreciation	Net Book Value	1987 Net Book Value
				(Restated)
General municipal	**$ 736,765**	**$ 243,854**	**$ 492,911**	$ 498,053
Storm and solid wastes system	**431,695**	**111,605**	**320,090**	312,486
Water and Sanitation Construction Branch	**7,662**	**6,220**	**1,442**	1,526
Edmonton Public Library	**6,694**	**4,844**	**1,850**	2,455
Royal Alexandra Hospitals	**5,230**	**799**	**4,431**	4,535
Edmonton Local Board of Health	**540**	**328**	**212**	234
Equipment Pool	**94,181**	**47,105**	**47,076**	46,602
Convention Centre	**23,360**	**1,629**	**21,731**	22,751
Ambulance	**1,621**	**1,437**	**184**	348
Research and Development Park	**8,726**	**1,168**	**7,558**	6,178
Utilities	**2,821,765**	**617,467**	**2,204,298**	1,965,770
	$4,138,239	**$1,036,456**	**$3,101,783**	$2,860,938

Note 4. **Long-Term Debt**

A. Debt payable at December 31 includes the following amounts:

	1988	1987
Debentures	**$2,080,674**	$1,915,041
Mortgages	**23,387**	23,734
Leases	**5,568**	7,117
Loan payable - Research and Development Park	**4,267**	4,267
Provision for foreign exchange	**2,965**	5,052
	2,116,861	1,955,211
Less principal included in current liabilities	**169,967**	114,760
	$1,946,894	$1,840,451

Notes to Financial Statements — continued

December 31, 1988
(in thousands of dollars)

Principal payments and required earnings in the Sinking Fund on long-term debt for the next five years are as follows:

	1989	1990	1991	1992	1993
General Government	$ 45,131	$ 45,958	$ 35,145	$ 28,155	$ 21,691
Utilities	123,993	77,774	80,952	80,325	80,547
Land	530	587	660	743	836
Equipment Pool	124	140	157	176	198
Research Park	189	4,479	239	269	302
	169,967	128,938	117,153	109,668	103,574
Required Earnings in the Sinking Fund	4,288	5,857	7,195	8,596	7,644
	$174,255	$134,795	$124,348	$118,264	$111,218

B. Interest on long-term debt charged to operations:

	1988	1987
		(Restated)
General Government	**$ 55,689**	$ 65,225
Utilities	**68,389**	81,693
Land	**3,687**	5,440
Equipment Pool	**1,039**	1,381
Research Park	**1,396**	2,527
	$130,200	$156,266

C. Existing long-term debt matures in annual amounts to the year 2025 and debenture interest is payable, before provincial subsidy at rates ranging from 4% to 13.75% per annum. The average annual interest rate is 11.01% for 1988 and 11.55% for 1987, before rebate. For qualifying debt issues, other than those issued for the power and telephone systems, the Province of Alberta rebates interest in excess of 8%, 9% and 11%, depending on the date borrowed.

Note 5. **General Government Surplus**

	1988	1987
		(Restated)
Appropriated	**$ 1,258**	$ 13,300
Unappropriated	**21,317**	7,538
	$ 22,575	$ 20,838

Notes to Financial Statements — continued

December 31, 1988
(in thousands of dollars)

Note 6. **Commitments**

A. Capital Requirements

City Council has approved a 1989 - 1993 capital priorities plan of $998,520 which is to be spent over the next five years. The 1989 requirement of $531,508 is to be funded as follows:

Reserves, Grants and Developer Contributions	$196,615
Self-liquidating debentures	295,856
Capital Expenditure Levy	14,037
Tax supported debentures	25,000
	$531,508

Capital expenditures related to Genesee Power Project represent $441,713 of the 1989 - 1993 capital priorties plan. The City will require funds of $218,472 for 1989 with the balance of $223,241 scheduled for 1990 - 1991.

B. Pension Plans

All employees of The City of Edmonton, with the exception of Policemen, are members of the Local Authorities Pension Plan of the Province of Alberta. Policemen are members of the Special Forces Pension Plan of the Province of Alberta. In both Plans, the City is only responsible for deducting and remitting monthly contributions.

The City is responsible for the pension requirements of those members who were retired at the time the City's Pension Plan was transferred to the Province of Alberta. Also, a Supplementary Pension Plan exists for Firemen to which the City is required to make contributions. Based upon the most recent actuarial report of December 31, 1986 the City's unfunded liability for the above funds amounts to approximately $9,500. This amount is being funded through annual special payments of $1,100.

C. Vacation and Sick Pay Benefit Plans

As at December 31, 1988 the City has an accrued liability for vacation pay of approximately $31,800, of which $15,200 has been recorded in the Benefits Reserve account. The remaining $16,600 will be provided from future years' surpluses.

The most recent actuarial report of the City's sick benefit plan as at December 31, 1987 showed an unfunded liability of approximately $25,000. The Benefits Reserve account records approximately $6,500 of this amount. The remaining balance will be provided from future years' surpluses.

Note 7. **Contingencies**

The City is defendant in various lawsuits as of December 31, 1988. While it is impossible to estimate the ultimate liability with respect to the pending litigation, the City Solicitor believes there will be no material adverse effect on the financial position of the City. Any gains or losses arising from settlements will be accounted for in the year of settlement.

Notes to Financial Statements - continued

December 31, 1988
(in thousands of dollars)

Note 8. **Prior Period Adjustments**

A. During 1988, in response to a Public Utility Board ruling, Edmonton Power adjusted the rate at which they were recording allowance for funds used during construction. As a result, the 1987 opening equity has been decreased by $9,128, expenditures have been increased by $1,096 and property, plant and equipment has been decreased by $10,224 for Utilities.

B. As a result of a flood which occurred in 1986 and a tornado which occurred in 1987, The City of Edmonton incurred operating and capital expenditures for replacement and repair of damage. Financial assistance for these types of expenditures is provided by the Government of Alberta under the Disaster Assistance Program. During 1988, the City received $1,317 from the Province of Alberta as compensation for expenditures relating to the 1986 flood and 1987 tornado. As a result, the 1987 Utilities opening equity and accounts receivable have been increased by $45; and the General Government opening equity and accounts receivable have been increased by $139. In addition, the 1987 Utilities expenditures have been reduced and accounts receivable have been increased by $1,034; and the General Government 1987 expenditures have been reduced and accounts receivable have been increased by $99.

Schedule of General Government Revenues and Expenditures

(in thousands of dollars)

	For the Years Ended December 31	
	1988	1987
REVENUES		(Restated)
Taxation:		
General municipal taxes	**$206,843**	$197,011
Business taxes	**55,713**	52,811
Local improvement taxes	**28,495**	28,590
Other	**2,646**	2,295
	293,697	280,707
Government Grants:		
Municipal assistance	**16,312**	15,357
Police	**10,015**	10,073
Social Services	**9,939**	10,199
Provincial government in lieu of taxes	**16,497**	16,847
Federal government in lieu of taxes	**3,003**	2,673
Interest stabilization rebate	**6,713**	11,022
Transit operating grant	**6,182**	6,145
Subsidized housing	**1,610**	1,616
Cultural and recreational	**4,699**	4,898
Engineering highway maintenance	**4,415**	4,548
Other	**258**	372
	79,643	83,750
Utility Contributions – franchise tax	**45,276**	43,408
Franchises and Rents:		
Gas franchise tax	**13,838**	13,926
Rental of City properties	**4,019**	4,110
Subsidy housing rentals	**280**	280
	18,137	18,316
Bus and Light Rail Transit	**35,370**	35,648

Schedule of General Government Revenues and Expenditures — continued

(in thousands of dollars)

	For the Years Ended December 31	
	1988	1987
		(Restated)
Service Fees and Other:		
Parks and Recreation	**13,383**	12,606
Real Estate and Housing	**43**	887
Planning	**1,194**	1,113
Police	**803**	786
Engineering	**1,516**	1,322
Sanitation	**3,031**	1,652
Other	**1,009**	1,885
	20,979	20,251
Licenses, Permits and Parking:		
Parking operations	**4,561**	3,626
Licenses and permits	**7,267**	6,422
	11,828	10,048
Fines	**11,571**	8,707
Interest:		
Interest on investments and loans	**4,000**	4,000
Tax penalties net of discounts	**8,660**	6,409
	12,660	10,409
Total Municipal Revenues before transfers	**529,161**	511,244
Transfers:		
Transfer from Reserves for Future Expenditures		17
Transfer from Mill Woods Equity	**24,186**	25,433
Tranfer from Utilities - dividends	**37,370**	32,769
Surplus from previous year	**2,352**	120
	63,908	58,339
Total Municipal Revenues	**593,069**	569,583
Education:		
Taxation	**178,934**	170,209
Government grants in lieu of taxes	**11,684**	11,282
	190,618	181,491
TOTAL REVENUES	**$783,687**	$751,074

Schedule of General Government Revenues and Expenditures — continued

(in thousands of dollars)

	For the Years Ended December 31	
	1988	1987
		(Restated)
EXPENDITURES		
Debt Charges:		
General debt	**$ 83,036**	$ 83,134
Local improvement debt	**27,059**	28,567
	110,095	111,701
Protective Services:		
Police	**78,999**	74,449
Fire	**55,321**	54,227
Bylaw enforcement	**7,268**	6,915
	141,588	135,591
Parks and Recreation	**53,961**	52,027
Social Services	**20,272**	18,006
Garbage Collection and Storm Sewer	**17,051**	15,629
Roadway Services:		
Roadway maintenance	**20,997**	20,637
Snow and ice removal	**8,310**	6,931
Street lighting	**6,137**	5,882
Traffic lights and signs	**3,864**	3,310
Offstreet parking	**6,276**	2,842
Street cleaning	**3,431**	3,755
Transportation system design	**3,642**	3,150
Other	**3,086**	3,297
	55,743	49,804
General Municipal Government:		
Corporate management	**40,355**	36,053
City property management and maintenance	**4,142**	4,070
	44,497	40,123
City Council and Mayor's Office	**1,941**	1,847
Bus and Light Rail Transit	**82,817**	81,050
Provision for uncollectible business taxes	**7,995**	7,216
Assessment appeal tax reductions	**3,649**	4,209
Tax concession	**3,071**	2,430
Capital expenditures	**15,000**	15,000
Edmonton Public Library Board	**11,075**	10,893
Edmonton Ambulance Authority	**2,343**	2,289
Edmonton Convention Centre Authority	**1,631**	
Convention Centre Reserve		2,190
Edmonton Convention and Tourism Authority	**1,576**	1,010
Edmonton Economic Development Authority	**1,637**	1,482
Edmonton Research and Development Park Authority	**2,002**	1,341
Other Boards and Authorities	**882**	471
Total Municipal Expenditures Before Transfer	**578,826**	554,309
Transfer:		
Reserve for Future Expenditures	**515**	1,326
Total Municipal Expenditures	**579,341**	555,635

Schedule of General Government Revenues and Expenditures — continued

(in thousands of dollars)

	For the Years Ended December 31	
	1988	1987
		(Restated)
Education		
Provincial School Foundation Act	**29,858**	28,048
Public School District No. 7	**119,184**	113,900
Separate School District No. 7	**41,576**	39,543
	190,618	181,491
TOTAL EXPENDITURES	**769,959**	737,126
TOTAL REVENUES	**783,687**	751,074
Excess of revenues over expenditures	**$ 13,728**	$ 13,948

Auditors' Report on Other Financial Information

To His Worship the Mayor and Members of Council of
The City of Edmonton

The audited combined financial statements of the City and our report thereon are presented in the preceding section of this report. The following information is presented for purposes of additional analysis and is not required for a fair presentation of the financial position, results of operations, or changes in financial position of the City. Such information has been subjected to the auditing procedures applied in our examination of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Thorne Ernst & Whinney

Edmonton, Canada
April 21, 1989

Chartered Accountants

Analysis of Combined Balance Sheet

December 31, 1988
(in thousands of dollars)

	General Government	Combined Utilities	Mill Woods Land Development Enterprise	Land Fund	Equipment Pool
ASSETS					
Current Assets					
Short-term investments — at cost	$ 24,844	$	$	$	$
Investments held in the Reserves Fund	27,733				
Taxes receivable	54,385				
Accounts receivable	19,845	103,253	2,523		
Current portion of local improvement costs recoverable from property owners	7,641				
Inventory of materials and supplies	8,600	16,870			236
Prepaid expenses	556	649			
Inter-operation balance	88,254	(28,746)	39,840	(106,620)	9,628
	231,858	92,026	42,363	(106,620)	9,864
Long-term leases receivable	52	11,153			
Local improvement costs recoverable from property owners	172,319				
Deferred receivable on land sales	7,499				
Deferred charges	8,144	8,073			
Deferred foreign exchange costs	250	765			
Land inventory — at cost			15,217	135,599	
Land held for future municipal purposes — at cost				41,324	
Sinking Fund investments — at cost	3,040	64,692			
Other investments		219			
Property, plant and equipment	841,034	2,204,298			47,076
	$1,264,196	$2,381,226	$57,580	$70,303	$56,940

Water and Sanitation Construction Branch	Self Insurance Fund	Reserves Fund of The City of Edmonton	Sinking Fund of The City of Edmonton	Edmonton Ambulance Authority	Edmonton Convention Centre Authority	Research and Development Park Authority	Combined Balance Sheet 1988	1987 (Restated)
$	$	$	$	$	$	$	$ 24,844	$ 21,791
	16,043	4,185					47,961	41,767
							54,385	51,506
3	147	10		588	625	39	127,033	144,869
							7,641	6,839
97				47	86		25,936	23,409
	369			63	70		1,707	2,738
(258)				(316)	(391)	(1,391)		
(158)	16,559	4,195		382	390	(1,352)	289,507	292,919
							11,205	11,406
							172,319	176,595
							7,499	6,766
					123		16,340	13,437
							1,015	2,516
						11,406	162,222	155,075
							41,324	53,342
			38,837				106,569	82,328
							219	
1,442				375		7,558	3,101,783	2,860,938
$1,284	$16,559	$4,195	$38,837	$757	$513	$17,612	$3,910,002	$3,655,322

Analysis of Combined Balance Sheet

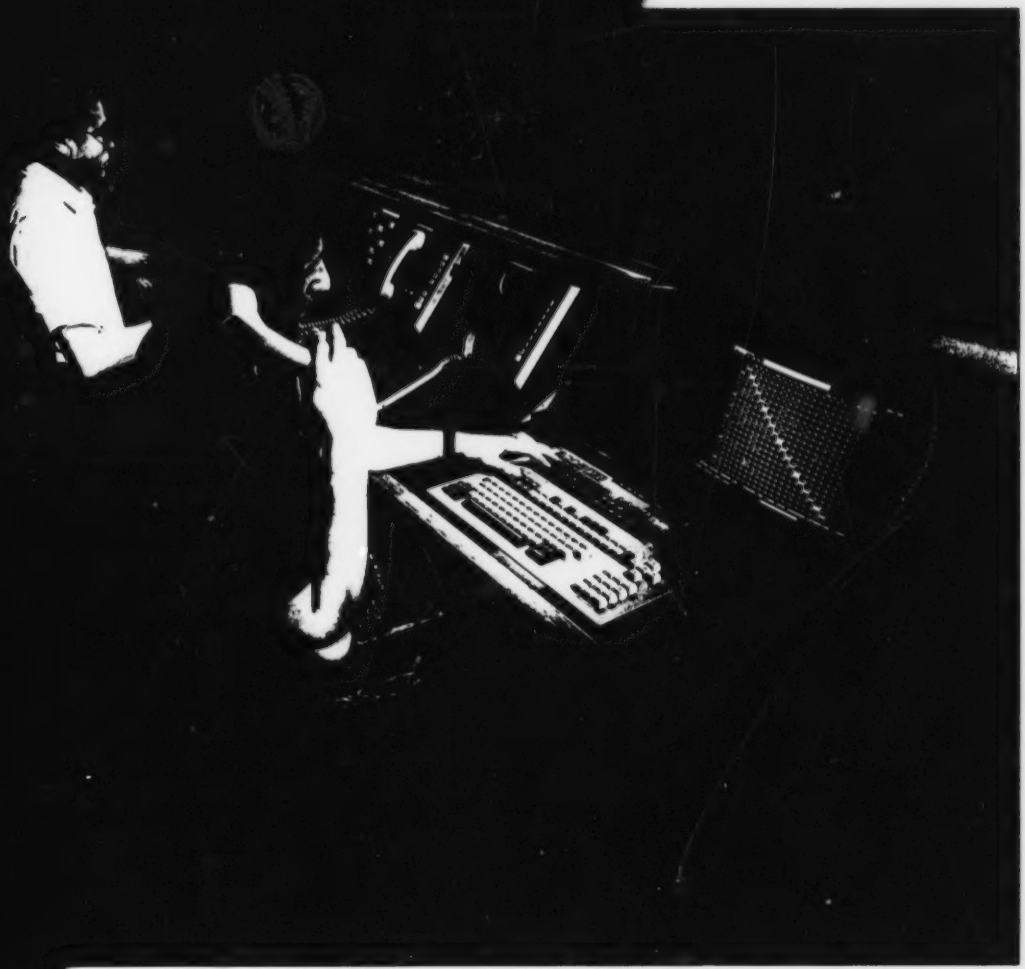
December 31, 1988
(in thousands of dollars)

	General Government	Combined Utilities	Mill Woods Land Development Enterprise	Land Fund	Equipment Pool
LIABILITIES					
Current Liabilities					
Bank overdraft	$ 20,387	$	$	$	$
Notes payable	670				
Accounts payable and accrued expenses	128,530	47,873	305		60
Accrued interest on long-term debt	19,185	48,226		253	288
Principal due within one year on long-term debt	44,947	123,993		530	124
Deferred revenue	2,984	4,693			
Deposits	741	14,716			
Advances for construction	11,851	1,406			
	229,295	240,907	305	783	472
Deferred revenue on land sales	3,826				
Long-term debt	431,674	1,465,322		26,969	7,787
EQUITY					
Contributed capital	491,916	202,022			
Utilities		471,975			
Mill Woods Land Development Enterprise			57,275		
Equipment Pool					48,681
Land Fund				42,551	
Sinking Fund					
Reserves Fund (unappropriated)	27,733				
General Government	22,575				
Self Insurance Fund					
Water and Sanitation Construction Branch					
	542,224	673,997	57,275	42,551	48,681
Reserves for future expenditures	57,177	1,000			
	599,401	674,997	57,275	42,551	48,681
	$1,264,196	$2,381,226	$57,580	$70,303	$56,940

Water and Sanitation Construction Branch	Self Insurance Fund	Reserves Fund of The City of Edmonton	Sinking Fund of The City of Edmonton	Edmonton Ambulance Authority	Edmonton Convention Centre Authority	Research and Development Park Authority	Combined Balance Sheet 1988	1987
								(Restated)
$	$	$	$	$ 52	$(155)	$	$ 20,284	$ 32,932
			15				685	56,926
749	3,881	10	49	474	622	11	182,564	154,575
				9		350	68,311	64,627
				184		189	169,967	114,760
							7,677	10,051
					46		15,503	9,032
30							13,287	15,856
779	3,881	10	64	719	513	550	478,278	458,759
							3,826	3,826
						15,142	1,946,894	1,840,451
				38		1,920	695,896	653,245
							471,975	406,011
							57,275	67,405
							48,681	47,482
							42,551	40,055
			38,773				38,773	32,477
							27,733	25,361
							22,575	20,838
	12,678						12,678	11,269
505							505	206
505	12,678		38,773	38		1,920	1,418,642	1,304,349
		4,185					62,362	47,937
505	12,678	4,185	38,773	38		1,920	1,481,004	1,352,286
$1,284	$16,559	$4,195	$38,837	$757	$513	$17,612	$3,910,002	$3,655,322

COMBINED UTILITIES FINANCIAL STATEMENTS

The City of Edmonton purchased the Edmonton District Telephone Company from pioneer businessman, Alex Taylor in 1905, one year after Edmonton's incorporation as a city. From that time, Edmontonians have been well served by their own telephone company.



Getting the message around to customers.

The first Outside Plant Module in Western Canada incorporates fibre optics and allows future innovation as the technology evolves.

Reviews are underway to determine 'et's future relationship with the corporation of the City of Edmonton to allow it the autonomy to compete effectively in the rapidly changing telecommunications industry. Whatever decision is made, Edmontonians will continue to receive the same excellent service, and sometimes more whimsical products, from 'et'.

When Mr. Taylor was unable to continue operating his service, Edmonton's fledgling telephone system was sold to the new city for $17,000. At the time Edmonton had a population of 8,350.

City-owned Utilities

The City owns and operates all major public utility services, with the exception of natural gas. The utilities are Edmonton Power, 'edmonton telephones', Edmonton Water, Edmonton Municipal Airport and Edmonton Sanitary Sewage System.

Utility Fiscal Policy

The administration endeavours to ensure that the users pay the full cost of the utility facilities and services, including an adequate return on capital invested. A fiscal policy has been adopted by City Council to establish utility objectives in the areas of rates setting, municipal taxation and contribution of earnings to the City.

The policy for the five utilities establishes a rate of return on opening equity equal to 15%. Of this rate of return, 60% is required as a contribution of profits to the general revenues of the City. The remaining 40% is retained within the utilities. In addition, the City charges a maximum 8% franchise tax on utility revenues in lieu of property and business taxes and other costs associated with the exclusive rights afforded each utility. This tax is included in the City's general revenues.

December 31, 1988 and 1987
(in thousands of dollars)

	Edmonton Municipal Airport	
	1988	1987
ASSETS		
Current assets:		
Due from The City of Edmonton	$ 7,219	$ 6,513
Accounts receivable less doubtful accounts	881	652
Inventory of material and supplies — at average cost		
Prepaid expenses		
	8,100	7,165
Long-term leases receivable		
Deferred charges:		
Foreign exchange loss		
Debenture discount and expense less amortization		
Other		
Property accounts:		
Land, buildings and equipment	23,632	22,539
Less accumulated depreciation	8,158	7,325
	15,474	15,214
Construction in progress	236	96
	15,710	15,310
Investments:		
The City of Edmonton Sinking Fund		
Other		
	$23,810	$22,475
LIABILITIES		
Current liabilities:		
Due to The City of Edmonton	$	$
Accounts payable and accruals	83	54
Accrued interest on long-term debt	125	131
Unearned revenues		
City customer guarantee deposits	80	60
Current portion of long-term debt	106	179
	394	424
Reserve for future expenditures		
Customer advances		
Long-term debt:		
Debentures payable	3,278	3,383
Provision for foreign exchange		
	3,278	3,383
EQUITY		
The City of Edmonton	20,138	18,668
Contributions and grants for extensions to plant		
	20,138	18,668
	$23,810	$22,475

Edmonton Power		'edmonton telepones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1988	1987	1988	1987	1988	1987	1988	1987	1988	1987
	(Restated)				(Restated)		(Restated)		(Restated)
$	$	$	$	$	$	$ 1,021	$	$ 8,240	$ 6,513
37,259	41,137	51,943	58,843	4,390	4,286	8,780	7,528	103,253	112,446
5,886	4,728	9,791	8,188	89		1,104	994	16,870	13,910
357	626	260	145			32	29	649	800
43,502	46,491	61,994	67,176	4,479	4,286	10,937	8,551	129,012	133,669
		11,153	11,342					11,153	11,342
								765	1,602
455	956	310	646					5,085	3,771
4,922	3,579	132	164			31	28	2,988	3,532
		68	78	319	425	2,601	3,029		
5,377	4,535	510	888	319	425	2,632	3,057	8,838	8,905
576,360	541,196	589,927	588,977	244,773	225,053	467,195	434,940	1,901,887	1,812,705
224,163	209,334	242,585	221,264	52,913	49,404	89,648	81,703	617,467	569,030
352,197	331,862	347,342	367,713	191,860	175,649	377,547	353,237	1,284,420	1,243,675
898,575	699,313	9,154	5,224	1,667	3,579	13,372	13,883	923,004	722,095
1,250,772	1,031,175	356,496	372,937	193,527	179,228	390,919	367,120	2,207,424	1,965,770
54,322	37,316	8,555	7,750	858	732	957	792	64,692	46,590
		219						219	
54,322	37,316	8,774	7,750	858	732	957	792	64,911	46,590
$1,353,973	$1,119,517	$438,927	$460,093	$199,183	$184,671	$405,445	$379,520	$2,421,338	$2,166,276
$ 10,878	$ 46,146	$ 21,670	$ 60,580	$ 4,438	$ 7,635	$	$ 10,957	$ 36,986	$ 125,318
24,536	13,868	18,774	6,282	2,153	945	2,327	1,877	47,873	23,026
27,721	20,516	9,177	9,946	3,512	3,501	7,691	7,571	48,226	41,665
		4,693	7,202					4,693	7,202
5,323	4,612	7,538	1,458	603	490	1,172	914	14,716	7,534
96,369	34,547	16,126	13,715	4,205	3,231	7,187	5,104	123,993	56,776
164,827	119,689	77,978	99,183	14,911	15,802	18,377	26,423	276,487	261,521
1,000	1,000							1,000	1,000
				52	52	1,354	1,354	1,406	1,406
864,183	720,879	243,170	258,810	109,759	104,424	243,970	227,292	1,464,360	1,314,788
577	1,077	385	718					962	1,795
864,760	721,956	243,555	259,528	109,759	104,424	243,970	227,292	1,465,322	1,316,583
286,488	243,461	112,066	97,342	7,319	5,340	45,964	41,200	471,975	406,011
36,898	33,411	5,328	4,040	67,142	59,053	95,780	83,251	205,148	179,755
323,386	276,872	117,394	101,382	74,461	64,393	141,744	124,451	677,123	585,766
$1,353,973	$1,119,517	$438,927	$460,093	$199,183	$184,671	$405,445	379,520	2,421,338	$2,166,276

Statement of Income

For the Years Ended December 31, 1988 and 1987 (in thousands of dollars)

	Edmonton Municipal Airport	
	1988	1987
Revenue	**$9,414**	$7,676
Expenditures:		
Maintenance	**2,890**	2,691
Operating	**2,092**	1,724
Franchise Tax	**753**	614
Depreciation	**887**	811
Alberta Electrical Marketing Agency Transfer Payments		
	6,622	5,840
Net income (loss) before interest charge	**2,792**	1,836
Debenture interest	**402**	424
Interest capitalized		
Provincial Government Rebate	**(98)**	(102)
Other interest	**(662)**	(596)
Amortization of debenture discount and foreign exchange loss		
	(358)	(274)
Net income (loss) before other items	**3,150**	2,110
Amortization of contributions		
NET INCOME (LOSS)	**$3,150**	$2,110

Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1988	1987	**1988**	1987	**1988**	1987	**1988**	1987	**1988**	1987
	(Restated)				(Restated)		(Restated)		(Restated)
$288,432	$279,646	**$233,988**	$232,651	**$33,076**	$30,386	**$77,171**	$71,176	**$642,081**	$621,535
14,995	14,204	**34,440**	32,177	**4,462**	5,289	**10,291**	14,031	**67,078**	68,392
109,581	105,462	**83,597**	84,774	**10,875**	9,974	**22,875**	17,939	**229,020**	219,873
22,512	21,898	**14,096**	13,620	**2,608**	2,387	**5,307**	4,889	**45,276**	43,408
15,060	18,379	**48,356**	45,506	**3,509**	3,255	**8,300**	7,886	**76,112**	75,837
58,998	48,727							**58,998**	48,727
221,146	208,670	**180,489**	176,077	**21,454**	20,905	**46,773**	44,745	**476,484**	456,237
67,286	70,976	**53,499**	56,574	**11,622**	9,481	**30,398**	26,431	**165,597**	165,298
93,187	77,173	**28,531**	37,922	**11,051**	11,609	**26,406**	28,079	**159,577**	155,207
(90,185)	(72,279)	**(26)**	(564)	**(70)**	(105)	**(907)**	(566)	**(91,188)**	(73,514)
				(1,644)	(2,054)	**(3,676)**	(5,217)	**(5,418)**	(7,373)
(907)	1,167	**1,597**	(840)	**191**	(283)	**164**	(551)	**383**	(1,103)
993	894	**139**	220			**9**	10	**1,141**	1,124
3,088	6,955	**30,241**	36,738	**9,528**	9,167	**21,996**	21,755	**64,495**	74,341
64,198	64,021	**23,258**	19,836	**2,094**	314	**8,402**	4,676	**101,102**	90,957
1,569	1,407	**227**	193	**990**	893	**1,349**	1,186	**4,135**	3,679
$ 65,767	$ 65,428	**$ 23,485**	$ 20,029	**$ 3,084**	$ 1,207	**$ 9,751**	$ 5,862	**$105,237**	$ 94,636

Statement of
The City of
Edmonton Equity

For the Years Ended
December 31, 1988 and 1987
(in thousands of dollars)

	Edmonton Municipal Airport	
	1988	1987
Balance — January 1		
As previously stated	**$18,668**	$18,404
Prior period adjustment		
As restated	**18,668**	18,404
Add — Net income (loss) for year	**3,150**	2,110
Less — Dividend payments to The City of Edmonton	**1,680**	1,656
— Adjustment for vacation pay and income replacement		190
	1,680	1,846
Balance — December 31	**$20,138**	$18,668

Statement of
Contributed and
Grants in
Investment in
Plant

For the Years Ended
December 31, 1988 and 1987
(in thousands of dollars)

	Edmonton Municipal Airport	
	1988	1987
Balance — January 1	**$**	$
Add — Government grants		
Customer contributions		
Less — Amortization		
Balance — December 31	**$**	$

Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1988	1987	**1988**	1987	**1988**	1987	**1988**	1987	**1988**	1987
	(Restated)				(Restated)		(Restated)		(Restated)
$252,672	$209,376	**$ 97,342**	$92,961	**$5,289**	$4,542	**$41,185**	$38,833	**$415,156**	$364,116
(9,211)	(9,083)			**51**		**15**		**(9,145)**	(9,083)
243,461	200,293	**97,342**	92,961	**5,340**	4,542	**41,200**	38,833	**406,011**	355,033
65,767	65,428	**23,485**	20,029	**3,084**	1,207	**9,751**	5,862	**105,237**	94,636
22,740	18,843	**8,761**	8,366	**481**	409	**3,708**	3,495	**37,370**	32,769
	3,417		7,282	**624**		**1,279**		**1,903**	10,889
22,740	22,260	**8,761**	15,648	**1,105**	409	**4,987**	3,495	**39,273**	43,658
$286,488	$243,461	**$112,066**	$97,342	**$7,319**	$5,340	**$45,964**	$41,200	**$471,975**	$406,011

Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1988	1987	**1988**	1987	**1988**	1987	**1988**	1987	**1988**	1987
$33,411	$30,167	**$4,040**	$3,665	**$59,053**	$54,493	**$83,251**	$74,469	**$179,755**	$162,794
443	463			**4,309**	523	**3,894**	335	**8,646**	1,321
4,613	4,188	**1,515**	568	**4,770**	4,930	**9,984**	9,633	**20,882**	19,319
5,056	4,651	**1,515**	568	**9,079**	5,453	**13,878**	9,968	**29,528**	20,640
1,569	1,407	**227**	193	**990**	893	**1,349**	1,186	**4,135**	3,679
$36,898	$33,411	**$5,328**	$4,040	**$67,142**	$59,053	**$95,780**	$83,251	**$205,148**	$179,755

Statement of Changes in Financial Position

For the Years Ended December 31, 1988 and 1987 (in thousands of dollars)

	Edmonton Municipal Airport	
	1988	1987
Operating Activities		
Excess revenues over expenditures	**$3,150**	$2,110
Add (Deduct) items not affecting working capital:		
Depreciation	**887**	811
Amortization of contributions		
Amortization of foreign exchange loss and deferred charges		
Transfer from reserves and surplus to general government:		
Dividend	**(1,680)**	(1,656)
For vacation pay and income replacement		(190)
Other		
Net change in non-cash working capital:		
Accounts receivable	**(228)**	(190)
Inventories and prepaid expense		
Accounts payable and accrued liabilities	**49**	3
Unearned revenue		
Cash provided from operating activities	**2,178**	888
Investing Activities		
Purchase of property, plant and equipment	**(1,287)**	(1,354)
Inventory reclassified to property, plant and equipment		
Sale and disposal of fixed assets		
Net change in non-cash working capital balances:		
Accounts Receivable		
Inventories and prepaid expense		
Accounts payable and accrued liabilities		
Cash applied to investing activities	**(1,287)**	(1,354)
Financing Activities		
Debenture borrowings		
Payment of long-term debt	**(179)**	(161)
Payment of capital leases		
Long-term leases receivable		
Other deferred charges		
Customer contributions		
Government grants		
Net change in non-cash working capital balances		
Accrued interest	**(6)**	(5)
Cash provided by financing activities	**(185)**	(166)
Increase (decrease) in cash position	**706**	(632)
Cash position at beginning of year	**6,513**	7,145
Cash position at end of year	**$7,219**	$6,513

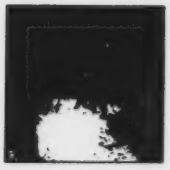
Edmonton Power		'edmonton telephones'		Edmonton Sanitary Sewage System		Edmonton Water		Combined Utilities	
1988	1987	1988	1987	1988	1987	1988	1987	1988	1987
	(Restated)				(Restated)		(Restated)		(Restated)
$ 65,767	$ 65,428	$ 23,485	$ 20,029	$ 3,084	$ 1,207	$ 9,751	5,862	$105,237	$ 94,636
15,060	18,379	48,356	45,506	3,509	3,255	8,300	7,886	76,112	75,837
(1,569)	(1,407)	(227)	(193)	(990)	(893)	(1,349)	(1,186)	(4,135)	(3,679)
809	579	84	124	120	107	922	953	1,935	1,765
(22,740)	(18,843)	(8,761)	(8,366)	(481)	(409)	(3,708)	(3,495)	(37,370)	(32,769)
	(3,417)		(7,282)	(624)		(1,279)		(1,903)	(10,889)
187		1,259	(2,431)					1,446	(2,431)
3,878	1,558	6,900	34,777	(104)	(146)	(1,252)	275	9,194	36,274
(1,158)	(285)	(1,718)	701	(89)	(1)	(93)	6	(3,058)	421
3,993	(3,033)	18,573	(8,533)	284	(145)	540	(2,224)	23,439	(13,932)
		(2,509)	(1,058)					(2,509)	(1,058)
64,227	58,959	85,442	73,274	4,709	2,975	11,832	8,077	168,388	144,173
(235,363)	(185,859)	(33,767)	(38,320)	(17,808)	(14,099)	(32,274)	(29,442)	(320,499)	(269,074)
		(1,339)	4,508					(1,339)	4,508
707	704	1,619	7,061			329	199	2,655	7,964
	(920)								(920)
269	4					(20)	161	249	165
7,386	5,050			1,036	137	169	939	8,591	6,126
(227,001)	(181,021)	(33,487)	(26,751)	(16,772)	(13,962)	(31,796)	(28,143)	(310,343)	(251,231)
225,000	126,841			9,451		23,743		258,194	126,841
(36,815)	(28,210)	(13,991)	(62,176)	(3,267)	(2,996)	(5,146)	(4,489)	(59,398)	(98,032)
			(1,093)						(1,093)
		189	(1,998)					189	(1,998)
(2,403)	(793)	11	(29)	(14)		(653)		(3,059)	(822)
4,613	4,188	1,515	568	4,770	4,930	9,984	9,633	20,882	19,319
443	463			4,309	523	3,894	335	8,646	1,321
7,204	770	(769)	(3,265)	11	(37)	120	(134)	6,560	(2,671)
198,042	103,259	(13,045)	(67,993)	15,260	2,420	31,942	5,345	232,014	42,865
35,268	(18,803)	38,910	(21,470)	3,197	(8,567)	11,978	(14,736)	90,059	(64,193)
(46,146)	(27,343)	(60,580)	(39,110)	(7,635)	932	(10,957)	3,779	(118,805)	(54,597)
$(10,878)	$(46,146)	$(21,670)	$(60,580)	(4,438)	$(7,635)	$1,021	$(10,957)	$(28,746)	$(118,790)

SCHEDULES, ANALYSES AND STATISTICS

Edmontonians take pride in the many "people places" in their city. The city's parks and recreation areas are focal points for many special activities and programs.

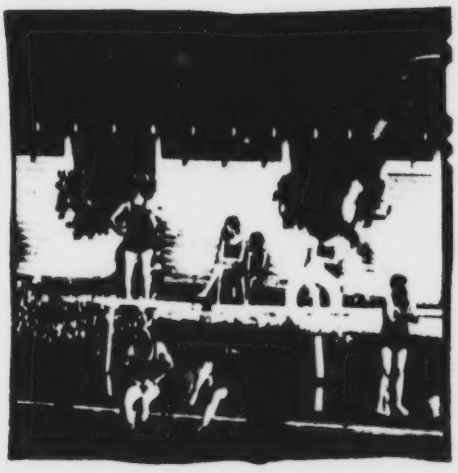
Walking in Edmonton's parks in winter is almost as popular as using the cross country ski trails.

Shopping at the street market for farm-fresh produce.



Wild and wonderful, the annual River Raft Race is held during Klondike Days in July.

The Capital City Recreation Park is the winter and summer jewel of the city parks system, winding through the North Saskatchewan River Valley for 16 kilometres (10 miles) and comprising 13 connected parks.



Named a Green Survival City in 1975, Edmonton has a history of valuing its parkland and recreation programs.

Statistical Review

For the Years 1984 to 1988 (in thousands of dollars, except per capita)

	1988	1987	1986	1985	1984
Population	**576,249**	576,249	571,506	560,085	560,085
Area - in hectares	**70,067**	70,067	70,067	70,067	70,067
Building permits	**$ 465,098**	$ 449,628	$ 534,478	$ 481,420	$ 333,930
Assessment:					
Total taxable assessment	**$13,074,780**	$12,832,316	$11,439,140	$11,275,516	$11,231,490
Percentage of total assessment represented by:					
Residential properties	**64.1%**	64.0%	65.5%	65.9%	65.4%
Commercial properties	**35.9%**	36.0%	34.5%	34.1%	34.6%
Taxable assessment per capita	**$ 22,689**	$ 22,269	$ 20,016	$ 20,132	$ 20,053
Estimated market value of taxable assessment	**$21,596,000**	$20,415,000	$19,500,000	$21,520,000	$23,900,000
Rates of taxation (mills):					
Single-family residences	**24.52**	23.68	24.74	23.56	22.42
Multiple-family residences	**27.12**	27.43	29.92	28.49	27.11
Vacant residential land	**24.52**	23.68	34.17	32.54	30.95
Commercial and industrial	**37.70**	36.34	41.18	40.37	39.35
Tax collections, arrears, and levy:					
Percentage of current taxes collected	**96.1%**	94.9%	95.9%	95.7%	94.4%
Percentage of arrears and current taxes collected	**101.4%**	99.6%	102.4%	103.1%	102.8%
Tax arrears per capita	**$ 95.75**	$ 79.32	$ 83.90	$ 75.35	$ 78.90
Property tax levy per capita	**$ 721.06**	$ 681.60	$ 669.40	$ 654.78	$ 634.11
Revenue:					
General government revenue	**$ 783,687**	$ 751,173	$ 731,284	$ 706,160	$ 675,944
Percentage of revenue:					
Property and business taxes	**61.8%**	61.5%	61.8%	61.2%	62.2%
Utility contributions	**10.5%**	10.1%	8.9%	8.1%	7.8%
Grants	**10.2%**	11.1%	11.7%	12.3%	11.7%
Other	**17.5%**	17.3%	17.6%	18.4%	18.3%
Long-term debts:					
Debt per capita:					
Self supported	**$ 3,079**	$ 2,753	$ 2,260	$ 2,924	$ 2,829
Tax supported	**479**	556	607	594	569
	$ 3,558	$ 3,309	$ 2,867	$ 3,518	$ 3,398
Current tax supported debt changes as a % of general government revenue	**10.6%**	11.1%	11.3%	10.0%	9.8%
Per capita tax supported debt as a % of per capita disposable income	**3.1%**	3.6%	4.6%	4.6%	4.6%
Percentage of total debt to be retired:					
Within 5 years	**31.3%**	31.2%	29.0%	27.2%	26.1%
Within 10 years	**59.7%**	56.7%	51.8%	48.3%	45.9%

For the Year Ended
December 31, 1988
(in thousands of dollars)

	Long-Term Debt Outstanding		
	Long-Term Debt	Sinking Fund	Net Long-Term Debt
Protection to Persons -- Property:			
Fire	$ 12,771	$	$ 12,771
Police	10,748		10,748
Traffic Lights	5,253		5,253
	28,772		28,772
Public Works:			
Workshops, Yards and Equipment	2,060		2,060
Bridges and Approaches	6,916		6,916
Curbs and Sidewalks	227		227
Subways and Tunnels	70		70
Pedestrian Tunnels	171		171
Land	203		203
Streets and Roadways	66,528		66,528
	76,175		76,175
Storm Sewer and Solid Waste System	43,123	2,050	41,073
Edmonton Transit System	59,424		59,424
Century Place Mortgage	6,584		6,584
Chancery Hall Mortgage	1,109		1,109
Convention Centre	9,250		9,250
Canada Place	4,322		4,322
Computer Leases	5,568		5,568
Recreation and Community Services:			
Space Sciences Building	4,799		4,799
Parks and Playgrounds	13,573		13,573
Swimming Pools	4,090		4,090
Skating Rinks	3,119		3,119
Community Services	62		62
Parkland Acquisition	148		148
Libraries	1,851		1,851
Ambulance Authority	184		184
Parking Garage	302		302
Health Offices	212		212
Mobile Home Park			
Miscellaneous	13,597		13,597
	41,937		41,937
Total Tax Supported Debt	276,264	2,050	274,214
Municipal Enterprises:			
Edmonton Power and Power Generation	960,436	54,321	906,115
Edmonton Telephones	259,219	8,555	250,664
Edmonton Telephone Leases			
Edmonton Water	251,158	957	250,201
Sanitary Sewer System	113,965	858	113,107
Edmonton Municipal Airport	3,383		3,383
Local Improvements Property Share	173,324		173,324
Public Housing	19,104		19,104
Royal Alexandra Hospital	4,431		4,431
Mobile Equipment Services	9,782		9,782
Integrated Services Facilities			
Convention Centre			
Land Inventory	27,499		27,499
Edmonton Research and Development Park	11,064		11,064
Edmonton Research and Development Park Loan	4,267		4,267
Total Municipal Enterprises Debt	1,837,632	64,691	1,772,941
Provision for Foreign Exchange	2,965		2,965
Total	$2,116,861	$66,741	$2,050,120

Sinking Fund Required Earnings

Long-term Borrowing Position		Principal and Interest Payments on Long-Term Debt (Accrued)			
Pending or (Unexpended) Debenture Borrowings	Total Long-Term Debt Position	Principal	Interest	Provincial Government Interest Rebate	Total
	$ 12,771	$ 846	$ 1,641	$ 173	$ 2,314
	10,748	168	1,359	245	1,282
	5,253	2,197	683	56	2,824
	28,772	3,211	3,683	474	6,420
	2,060	764	274	24	1,014
	6,916	1,215	628	23	1,820
	227	33	19		52
	70	9	6		15
	171	16	14		30
	203	419	24		443
4,803	71,331	17,733	8,283	924	25,092
4,803	80,978	20,189	9,248	971	28,466
4,182	45,255	8,140	4,575	242	12,473
	59,424	7,609	7,658	1,134	14,133
	6,584	171	589		760
	1,109	96	77		173
	9,250	141	1,173	328	986
4,604	8,926	878	380		1,258
	5,568	1,548	712		2,260
	4,799	51	601	72	580
	13,573	3,054	1,652	169	4,537
	4,090	296	464	44	716
	3,119	632	264		896
	62	11	5		16
	148	62	20	2	80
	1,851	605	214	17	802
	184	164	33	3	194
	302	135	23		158
	212	23	17		40
		1,575	56	15	1,616
1,800	15,397	1,454	887	121	2,220
1,800	43,737	8,062	4,236	443	11,855
15,389	289,603	50,045	32,331	3,592	78,784
10,878	916,993	34,368	95,331		129,699
21,670	272,334	13,596	28,531		42,127
(1,021)	249,180	5,104	26,448	3,677	27,875
4,438	117,545	3,231	11,749	1,689	13,291
	3,383	179	402	97	484
6,483	179,807	6,839	19,964	3,189	23,614
	19,104	256	1,575	42	1,789
	4,431	105	511	54	562
	9,782	1,445	1,287	149	2,583
		120	1,084	250	954
	27,499	435	3,663	920	3,178
1,391	12,455	142	1,396	168	1,370
	4,267				
43,839	1,816,780	65,820	191,941	10,235	247,526
$59,228	$2,106,383	$115,865	$224,272	$13,827	$326,310
		$3,015			
		$118,880			

Schedule 11

Taxation

December 31, 1988 and 1987
(in thousands of dollars)

	1988	1987
Property Taxes:		
Arrears - January 1	**$ 47,084**	$ 38,856
Add - Penalties	**9,477**	7,668
- Sundry adjustments	**(1,387)**	(817)
	55,174	45,707
Add current year's tax levy:		
Tax levy bylaw	**385,777**	367,220
Supplementary and partial tax levy and adjustments	**2,645**	2,775
Assessment appeals tax reductions	**(576)**	(4,639)
Capping program	**(845)**	(1,112)
Municipal and school taxes	**387,001**	364,244
Special frontage and local improvement taxes	**27,930**	28,094
Other special charges	**580**	432
	415,511	392,770
Less collections:		
Current taxes	**394,645**	369,911
Arrears of taxes	**22,147**	18,692
Discount	**4,637**	2,790
	421,429	391,393
Property tax arrears - December 31	**49,256**	47,084
Business Taxes:		
Arrears - January 1	**26,640**	24,498
Add - Penalties	**5,498**	2,896
- Sundry adjustments	**(380)**	(498)
	31,758	26,896
Add current year's tax levy	**56,019**	53,237
Less collections:		
Current taxes	**45,717**	46,588
Arrears of taxes	**7,307**	5,429
Discount	**1,438**	958
Taxes written off	**3,986**	518
	58,448	53,493
Gross business tax arrears	**29,329**	26,640
Less - Allowance for uncollectible taxes	**24,200**	22,218
Business tax arrears - December 31	**5,129**	4,422
Total Tax Arrears (Property and Business)	**$ 54,385**	$ 51,506

Schedule of Funded Debt Transactions

December 31, 1988 and 1987
(in thousands of dollars)

	Net Debt December 31, 1987	Issues	Redemptions	Net Debt December 31, 1988
Self-Liquidating Debt:				
Utilities	$1,324,675	$255,000	$56,204	**$1,523,471**
Local Improvements	171,163	9,000	6,839	**173,324**
Hospitals	4,535		105	**4,430**
Public Housing	19,360		256	**19,104**
Mobile Equipment Services	11,227		1,445	**9,782**
Integrated Services Facs.	8,695		8,695	
Land Inventory	29,349		1,850	**27,499**
Research and Development Park	15,473		142	**15,331**
	1,584,477	264,000	75,536	**1,772,941**
Debt Subject to Taxation:				
General	268,252		35,111	**233,141**
Storm Sewers and Solid Wastes	49,306		8,233	**41,073**
	317,558		43,344	**274,214**
	$1,902,035	$264,000	$118,880	**$2,047,155**
Provision for Foreign Exchange	5,052			**2,965**
Total	$1,907,087			**$2,050,120**

Distribution of Net Long-term Debt – Per Capita

Year	Population	Self-Liquidating Per Capita	Tax Supported Per Capita	Total Per Capita
1980	505,773	1,434.43	437.20	1,871.63
1981	521,205	1,925.39	321.03	2,246.42
1982	551,314	2,306.05	433.87	2,739.92
1983	560,085	2,535.38	542.98	3,078.36
1984	560,085	2,829.27	569.08	3,398.35
1985	560,085	2,923.57	594.00	3,517.57
1986	571,506	2,860.25	607.21	3,467.46
1987	576,249	2,753.29	556.21	3,309.50
1988	576,249	3,078.70	479.00	3,557.70

As at December 31, 1988 projects pending debenture funds amounted to $43.839 million for self-liquidating and $15.389 million for tax supported projects.

Statement of Interest Rates on Long-Term Debt

December 31, 1988
(in thousands of dollars)

Percentage Rate of Interest	Long-Term Debt	Annual Interest
4.000	$ 11	$ 1
4.500	156	7
5.250	477	25
5.375	2,025	109
5.750	4,825	277
5.875	49	3
6.000	4,217	253
6.375	205	13
6.670	475	32
6.750	3,509	237
6.830	97	7
6.875	2,035	140
7.500	15,060	1,130
7.625	5,191	396
7.750	31,150	2,414
7.875	3,919	309
8.000	19,168	1,533
8.125	6,000	488
8.250	5,162	426
8.500	51,687	4,393
8.750	6,114	535
9.000	12,782	1,150
9.250	145,750	13,482
9.375	52,349	4,908
9.500	58,516	5,559
9.625	75,537	7,270
9.750	96,306	9,390
9.875	25,970	2,565
10.000	139,355	13,936
10.375	124,486	12,915
10.500	77,696	8,158
10.875	76,388	8,307
11.125	26,970	3,000
11.250	50,000	5,625
11.500	15,773	1,814
11.750	24,052	2,826
12.000	27,538	3,305
12.250	100,000	12,250
12.375	15,538	1,923
12.500	707,358	88,420
12.875	50,000	6,438
13.750	50,000	6,875
Gross Debt	2,113,896	$232,844
Sinking Fund	66,741	
Sub-total	2,047,155	
Provision for Foreign Exchange	2,965	
Net Debt	$2,050,120	

Average Annual Interest Rate $\frac{232,844}{2,113,896} \times 100 = 11.01\%$

Summary of Outstanding Long-Term Debt

December 31, 1988
(in thousands of dollars)

Debenture Debt Issued To:	
Alberta Municipal Financing Corporation	$1,541,549
General Public	500,098
Central Mortgage and Housing Corporation	5,338
Province of Alberta	761
Alberta Housing Corporation	1,379
Research Park Loan - Alberta Housing Corporation	4,267
J. Henry Schroder & Wagg Co.	29,084
Municipal Development and Loan Board	1,456
Government of Canada	842
City of Edmonton Sinking Fund	167
	2,084,941
Mortgages Issued To:	
Municipal Development and Loan Board	1,813
Central Mortgage and Housing Corporation	13,881
Montreal Trust Company	7,693
	23,387
Leases With:	
Sperry Incorporated	5,568
Provision for Foreign Exchange	2,965
Total Long-Term Debt	$2,116,861
The long-term debt of The City of Edmonton is payable in the following currency and amounts:	
Canadian Dollars	$2,101,461
U.S. Dollars	15,400
	$2,116,861

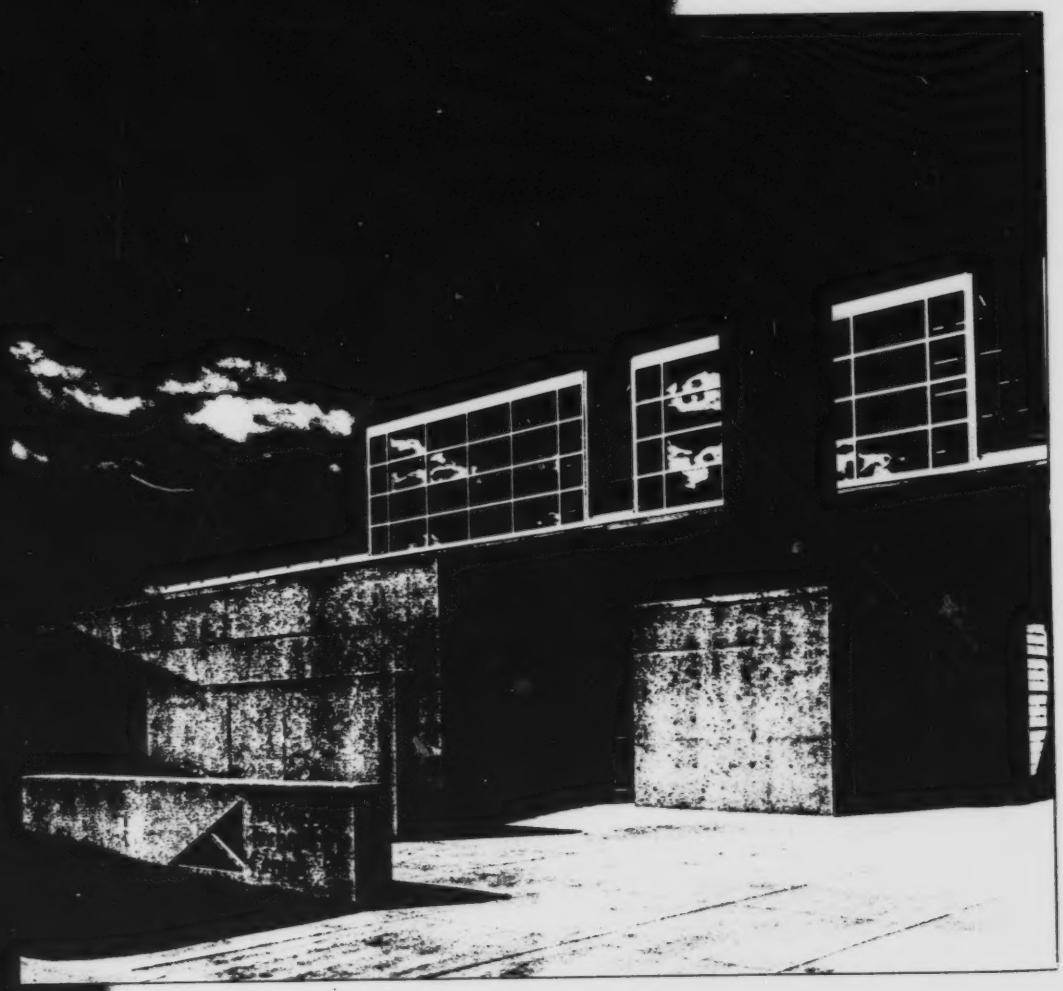
Annual Long-Term Debt Service Charges

December 31, 1988
(in thousands of dollars)

	Self-Liquidating				Debt Subject to Taxation				
Year	**Principal**	**Interest**	**Rebate**	**Sub-total**	**Principal**	**Interest**	**Rebate**	**Sub-Total**	**Total**
1989	$ 137,082	$ 200,990	$ 9,667	$ 328,405	$ 37,173	$ 31,283	$ 3,613	$ 64,843	$ 393,248
1990	96,966	188,398	9,186	276,178	37,829	27,073	3,366	61,536	337,714
1991	97,948	181,417	8,691	270,674	26,400	23,576	3,125	46,851	317,525
1992	99,454	173,999	8,374	265,079	18,810	20,966	2,953	36,823	301,902
1993	98,861	163,714	8,022	254,553	12,357	19,236	2,749	28,844	283,397
1994	99,575	153,611	7,643	245,543	11,634	17,716	2,584	26,766	272,309
1995	105,987	146,188	7,224	244,951	11,543	16,210	2,403	25,350	270,301
1996	112,676	138,151	6,760	244,067	11,465	14,842	2,202	24,105	268,172
1997	113,619	129,572	6,249	236,942	11,810	13,490	2,023	23,277	260,219
1998	112,369	112,976	5,683	219,662	9,543	12,061	1,825	19,779	239,441
1999	99,190	95,957	5,065	190,082	10,720	10,881	1,635	19,966	210,048
2000	94,593	87,329	4,395	177,527	11,630	9,555	1,422	19,763	197,290
2001	92,469	79,358	3,734	168,093	11,532	8,106	1,190	18,448	186,541
2002	83,141	71,739	3,065	151,815	10,228	6,669	984	15,913	167,728
2003	77,975	62,045	2,402	137,618	8,648	5,396	792	13,252	150,870
2004	68,137	52,709	1,740	119,106	9,724	4,320	614	13,430	132,536
2005	57,908	40,721	1,058	97,571	10,934	3,110	412	13,632	111,203
2006	48,873	30,158	530	78,501	8,151	1,749	185	9,715	88,216
2007	37,064	23,626	259	60,431	4,585	736	75	5,246	65,677
2008	16,474	14,554	89	30,939	1,306	163	19	1,450	32,389
2009	6,434	2,267	24	8,677	0	0	0	0	8,677
2010	4,276	1,527	0	5,803	0	0	0	0	5,803
2011	1,587	1,063	0	2,650	0	0	0	0	2,650
2012	781	916	0	1,697	0	0	0	0	1,697
2013	848	849	0	1,697	0	0	0	0	1,697
2014	630	777	0	1,407	0	0	0	0	1,407
2015	679	727	0	1,406	0	0	0	0	1,406
2016	733	673	0	1,406	0	0	0	0	1,406
2017	791	615	0	1,406	0	0	0	0	1,406
2018	854	552	0	1,406	0	0	0	0	1,406
2019	922	485	0	1,407	0	0	0	0	1,407
2020	960	412	0	1,372	0	0	0	0	1,372
2021	1,000	337	0	1,337	0	0	0	0	1,337
2022	1,080	257	0	1,337	0	0	0	0	1,337
2023	1,036	170	0	1,206	0	0	0	0	1,206
2024	861	88	0	949	0	0	0	0	949
2025	265	21	0	286	0	0	0	0	286
	$1,774,098	$2,158,948	$99,860	$3,833,186	$276,022	$247,138	$34,171	$488,989	$4,322,175

RELATED AUTHORITIES FINANCIAL STATEMENTS

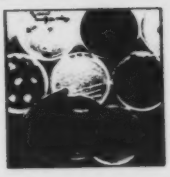
Edmonton's Research and Development Park is part of a 130-hectare (320-acre) research and technology community, including the adjacent headquarters and laboratories of the Alberta Research Council. It is home to 10 organizations employing more than 700 scientists, engineers, technicians and support staff.

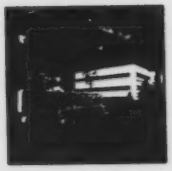


CHEMBIOMED facility in Research Park.

Culturing organisms.

Coal: in our past, in our present, in our future.





Strategically located near major oil and gas fields, oil sands, coal, agriculture and forestry resource developments in Western Canada, Edmonton is an important centre for commercial and research activity.

Alberta Research Council scientists using popular analytical tools of the 1950s.

Auditors' Report

To the Shareholder

We have examined the balance sheet of The City of Edmonton Non-Profit Housing Corporation as at December 31, 1988 and the statements of revenue and expense, surplus and reserves and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph.

In our reports dated February 27, 1987 and March 11, 1988, our opinions on the 1986 and 1987 financial statements were qualified because amended agreements supporting the revised basis for the calculation of reserves were not available (see note 6). As the amended agreements have not yet been executed, we were not able to determine whether any adjustments might be necessary to the reserves for 1986, 1987 and 1988.

In our opinion, except for the effect of adjustments to the replacement reserves, if any, which we might have determined to be necessary had we been able to verify the changes by reference to the amended agreements referred to above, these financial statements present fairly the financial position of the Corporation as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in the summary of significant accounting policies applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 8, 1989

Peat Marwick
Chartered Accountants

Balance Sheet

December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Assets		
Current assets:		
Cash and short-term deposits	$ 57	$ 130
City of Edmonton — current account	4,466	4,902
Accounts receivable	29	74
Prepaid property taxes	392	167
	4,944	5,273
Fixed assets:		
Housing projects (note 3)	47,234	47,277
Less accumulated depreciation	613	410
	46,621	46,867
	$51,565	$52,140
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable	$ 12	$ 12
Deferred revenue		143
Tenant deposits	253	257
Rents received in advance	2	6
Current portion of mortgages payable (note 5)	2,149	2,504
	2,416	2,922
The City of Edmonton loan (note 4)	2,500	2,500
Mortgages payable (note 5)	46,259	46,152
Shareholder's equity:		
Capital stock:		
Authorized 20,000 shares without par value; issued 1 share	1	1
Operating surplus	163	398
Replacement reserve	226	167
	390	566
	$51,565	$52,140

See accompanying notes to financial statements.

Statement of Revenue and Expense

Year ended December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Rental operations:		
Revenue:		
Rental	$3,990	$3,950
Operating assistance	3,651	4,936
	7,641	8,886
Expense:		
Interest	5,643	6,864
Property taxes	633	635
Utilities	443	420
Repairs and maintenance	440	367
Wages and salaries	196	188
Depreciation	203	156
Management fees	123	117
Insurance	22	47
Advertising	16	20
Other	45	20
	7,764	8,834
Rental income (loss)	(123)	52
Administration expense:		
Salaries	103	98
Contract work	29	28
Occupancy	15	11
Other	1	7
	148	144
Other income (expense):		
Write-off of pre-development costs (note 7)	(43)	(7)
Interest income	181	183
	138	176
Excess (deficiency) of revenue over expense	$ (133)	84

See accompanying notes to financial statements.

Statement of Surplus and Reserves

Year ended December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Operating surplus, beginning of year	$ 398	462
Excess (deficiency) of revenue over expense	(133)	84
Transfer of replacement reserve	(102)	(148)
Operating surplus, end of year	$ 163	398
Replacement reserve, beginning of year	$ 167	47
Capital expenditures	$ (43)	(28)
Transfer from operating surplus	102	148
Replacement reserve, end of year	$ 226	167

See accompanying notes to financial statements.

Statement of Changes in Financial Position

Year ended December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Operating activities:		
Excess (deficiency) of revenue over expense	**$ (133)**	84
Add (deduct):		
Items not affecting cash:		
Depreciation	**203**	156
Write-off of pre-development costs	**43**	7
Net changes in non-cash working capital balances relating to operations:		
Accounts receivable	**45**	3
Prepaid property taxes	**(225)**	(119)
Accounts payable		(3)
Deferred revenue	**(143)**	
Tenant deposits	**(4)**	(34)
Rents received in advance	**(4)**	4
Cash provided by (applied to) operations	**(218)**	98
Investing activities:		
Capital expenditures	**(43)**	(28)
Cash applied to investing activities	**(43)**	(28)
Financing activities:		
Repayment of long-term debt	**(248)**	(189)
Cash applied to financing activities	**(248)**	(189)
Decrease in cash	**(509)**	(119)
Cash, beginning of year	**5,032**	5,151
Cash, end of year	**$ 4,523**	$ 5,032
Cash, end of year:		
Cash	**$ 57**	130
The City of Edmonton - current account	**4,466**	4,902
	$4,523	$5,032

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1988

1. Authority and activity:

The Corporation was established for the purpose of providing non-profit housing for the citizens of The City of Edmonton. City Council authorized the establishment of the Corporation by approving Bylaw No. 5107 on September 8, 1977. The City of Edmonton is the sole shareholder of the Corporation.

2. Summary of significant accounting policies:

(a) Fixed assets:
Housing projects are valued at cost. Interest, property taxes and administration expenses incurred during construction are capitalized to the cost of the projects. Revenue generated from the project up to the interest adjustment date is netted against the cost of the project. The housing projects are depreciated at an amount equal to the repayment on related mortgages, net of interest expense for the year.

Purchases of replacement equipment, household appliances and floor coverings are charged to replacement reserves or to operations in the year of purchase and gross proceeds on any disposals are recorded as revenue.

(b) Operating assistance:
Operating assistance is a subsidy provided by Canada Mortgage and Housing Corporation and Alberta Mortgage and Housing Corporation to the operating projects to reduce project costs and rentals.

(c) Replacement reserves:
Replacement reserves are required pursuant to the Corporation's agreements with Canada Mortgage and Housing Corporation and Alberta Mortgage and Housing Corporation. The replacement reserves are increased based on specific calculations for the related project and will be used for capital replacements for the project (see note 6).

3. Housing projects:

	1988	1987
Completed projects:		
Land costs	**$ 8,516,251**	8,516,251
Construction costs	**38,717,571**	38,717,571
	47,233,822	47,233,822
Pre-development costs (note 8)		43,616
Total housing projects	**$47,233,822**	47,277,438
Number of units:	**875**	875

4. The City of Edmonton loan:

The Corporation has received a loan of $2,500,000 from The City of Edmonton from funds generated by the Municipal Incentive Grant Program. Interest is charged at the City's short-term investment rate.

Notes to Financial Statements — continued

December 31, 1988

5. Mortgages payable:

The mortgages payable, secured by the housing projects, are payable to the Alberta Mortgage and Housing Corporation. Details of the mortgages payable are as follows:

Project	Monthly payment including interest	Interest rate (%)	Mortgage renewal date	Balance outstanding December 31, 1988, including accrued interest
Boyle St. II	$34,383	11½	Jan 1, 1993	$ 3,563,865
Boyle St. III	35,750	11½	Feb 1, 1993	3,735,720
King Edward I	23,220	11¼	July 1, 1993	2,458,169
King Edward II	10,678	11¼	July 1, 1993	1,130,467
McCauley	40,791	11⅝	Aug 1, 1993	4,200,842
Point West	43,319	11¾	Oct 1, 1993	4,425,442
Lago Lindo	22,024	11¾	Nov 1, 1993	2,250,287
Riverdale	12,587	11¼	July 1, 1992	1,326,607
Castle Close	20,203	11½	Sept 1, 1992	2,091,997
Kameyosek	35,371	11½	Nov 1, 1992	3,665,110
North Callingwood	28,986	11½	Nov 1, 1992	3,003,536
Elm Park Place	14,080	11½	Jan 1, 1991	1,442,674
Vermillion Place	8,613	10¾	May 1, 1991	934,728
Barclay Square	37,170	11	July 1, 1991	3,963,206
Primrose Place	26,640	11	Aug 1, 1991	2,841,919
Castle Brae	23,985	11	Sept 1, 1991	2,561,002
Mission Glen	20,464	11	Sept 1, 1991	2,185,009
Willowdale	28,967	13½	May 1, 1989	2,627,055
				48,407,635
Less current portion including accrued interest				2,148,659
				$46,258,976

The approximate repayment of principal over the next five years will be as follows:

1989	$231,000
1990	258,000
1991	288,000
1992	322,000
1993	357,000

6. Change in basis of accounting:

Prior to 1988 under the Corporation's agreements with Alberta Mortgage and Housing Corporation and Canada Mortgage and Housing Corporation, replacement and subsidy reserves were provided for all projects based on specific calculations designed to provide for capital replacements for the projects. During 1986, the Corporation changed the basis of the calculation of the reserves such that replacement reserves are funded only for projects in a surplus position after allocation of administration expenses. Subsidy reserves are no longer funded. Amended agreements incorporating these changes have not been agreed to by Canada Mortgage and Housing Corporation.

The calculations as revised recognize that it is appropriate to allocate a portion of surplus revenues to reserves. However, projects with an operating deficit do not generate surplus funds which are available for allocation to reserves and therefore it is inappropriate to establish replacement reserves for these projects.

7. Write-off of pre-development costs:

Pre-development costs of $43,616 were written off in 1988. These costs were incurred for housing projects that were not subsequently constructed.

8. Comparative figures:

Certain of the 1987 comparative figures have been reclassified to conform with the current year's presentation.

To the Authority Board Members

We have examined the balance sheet of The Edmonton Research and Development Park Authority as at December 31, 1988 and the statements of operations and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Edmonton, Canada
February 27, 1989

Peat Marwick
Chartered Accountants

December 31, 1988, with comparative figures for 1987
(in thousands of dollars)

	1988	1987
Assets		
Accounts receivable	**$ 39**	662
Land held for development and sale (appraised value $7,715) (note 3)	**11,406**	11,880
Rental property (note 4)	**7,558**	2,374
Construction in progress (note 8)		3,805
	$19,003	18,721
Liabilities and Unamortized Grant		
Accrued liabilities	**$ 361**	849
Due to The City of Edmonton	**1,391**	877
Loan payable (note 6)	**4,267**	4,267
Debentures payable (note 7)	**11,064**	11,206
	17,083	17,199
Unamortized grant (note 8)	**1,920**	1,522
	$19,003	18,721

See accompanying notes to financial statements.

The Edmonton Research and Development Park Authority

Statement of Operations and Deficit

Year ended December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Revenue:		
Rental:		
Research 1	$ 278	278
Advanced Technology Centre	62	
Interest		1,037
	340	1,315
Expenses:		
Marketing and administration:		
Salaries and benefits	265	167
Office rent and parking	24	25
Legal, audit and financial services	18	21
Advertising and promotion	41	26
Furnishings and equipment	45	27
Board of Directors	4	6
Travel and training	15	15
Supplies, postage and courier	16	8
Consultants and service contracts	12	12
Miscellaneous	3	2
	443	309
Operations:		
Grounds maintenance	30	40
Building maintenance	49	33
Building utilities	51	1
Snow removal	16	5
	146	79
Interest	1,400	1,999
Depreciation	353	229
	2,342	2,616
Operating deficiency	2,002	1,301
Deficit, beginning of year		40
Funding from The City of Edmonton	(2,002)	(1,341)
Deficit, end of year	$	

See accompanying notes to financial statements.

Statement of Changes in Financial Position

Year ended December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Operating activities:		
Operating deficiency	**$(2,002)**	(1,301)
Charges to operations not involving cash:		
Depreciation	**353**	229
Increase in accounts receivable	**(12)**	(1)
Decrease in accrued liabilities	**(8)**	(548)
Funding applied to operating activities	**(1,669)**	(1,621)
Investing activities:		
Additions to land held for development and sale	**(35)**	(65)
Additions to construction in progress	**(1,304)**	(3,537)
Transfers to rental property	**(5,617)**	
Transfers from land held for development and sale to rental property	**509**	
Transfer from construction in progress to rental property	**5,109**	
Increase (decrease) in accrued liabilities relating to investing activities	**(480)**	485
Funding applied to investing activities	**(1,818)**	(3,117)
Financing activities:		
Funding of prior years' deficit by The City of Edmonton		40
Funding of current operations by The City of Edmonton	**2,002**	1,301
Repayment of debenture payable	**(142)**	(19,949)
Provincial government assistance	**478**	1,415
Decrease (increase) in receivable from provincial government	**635**	(528)
Funding provided by (applied to) financing activities	**2,973**	(17,721)
Increase in Due to The City of Edmonton	**(514)**	(22,459)
Due from (to) The City of Edmonton, beginning of year	**(877)**	21,582
Due to The City of Edmonton, end of year	**$(1,391)**	(877)

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1988

1. Authority and activity:

On April 25, 1979, The City of Edmonton authorized the development of The Edmonton Research and Development Park including provisions for servicing the land. On May 22, 1980, the Provincial Government proclaimed Bill PR2, The Edmonton Research and Development Park Authority Act, which created The Edmonton Research and Development Park Authority ("the Authority") as a Body Corporate. The Authority was established for the purpose of acquiring, planning, developing and servicing lands designated for use by The Edmonton Research and Development Park.

On October 29, 1980, City Council authorized the Commission Board to execute the Operating Agreement between the City of Edmonton and the Authority. The Authority is operating as a separate entity within The City of Edmonton.

2. Summary of significant accounting policies:

These financial statements, except as described in (b) and (e) below, are prepared in accordance with generally accepted accounting principles.

(a) Balance Sheet:
The Authority, as a real estate developer, has not classified its balance sheet as to current and non-current assets and liabilities. This is consistent with the recommendation of the Canadian Institute of Public Real Estate Companies.

(b) Land held for development and sale:
Land held for development and sale is carried at cost, including net interest expense through 1984 which exceeded the August 15, 1988 appraised value by $3,691,578 at December 31, 1988.

(c) Rental property:
Rental property is recorded at cost. Depreciation on buildings and tenant improvements is provided on the straight-line basis at the following rates:

Buildings	25 years
Tenant improvements - 35%	25 years
- 65%	5 years

(d) Provincial government grant:
Provincial government assistance received for the construction of the Advanced Technology Center is being amortized to income on a straight-line basis over the life of the building. Amortization is applied to reduce depreciation expense (note 8).

(e) Furnishings and equipment:
Furnishings and equipment acquired from operating revenues are expensed in the year of acquisition.

3. Land held for development and sale:

The City of Edmonton holds title to the lands in trust for the Authority. However, under the Operating Agreement the Authority has the right to request The City to convey title to the Authority or to a purchaser designated by the Authority.

	1988	1987
Land	$ 6,808,674	7,112,306
Land services & improvements	4,597,904	4,767,728
	$11,406,578	11,880,034

The appraised value of the land held for development and sale was $7,715,000 on August 15, 1988.

Notes to Financial Statements — continued

December 31, 1988

4. Rental property:

	1988	1987
Buildings	$6,596,397	1,487,997
Tenant improvements	1,193,070	1,193,070
	7,789,467	2,681,067
Accumulated depreciation	1,168,598	735,488
	6,620,869	1,945,579
Land	936,790	428,113
	$7,557,659	2,373,692

5. Due to The City of Edmonton:

This account includes charges relating to the current fiscal year processed on behalf of the Authority by The City of Edmonton subsequent to year-end. These amounts are included in accounts payable and accruals in the combined financial statements of The City of Edmonton.

6. Loan payable:

On December 11, 1980, the Alberta Housing Corporation agreed to lend The City of Edmonton funds to a maximum amount of $5,000,000 to be used for local improvements required in connection with the development of a Research Park.

The loan is due and payable on December 11, 1990, and will bear interest at a per diem market interest rate thereafter. Until such time, The City of Edmonton will repay the loan from proceeds on the sale, lease, or other disposition of the lands with no interest charged on the amount advanced. Based on management's interpretation of the agreement with the Alberta Housing Corporation, no amounts are considered to be repayable prior to maturity, for land on which the Authority constructs and operates its own facilities. There was no repayment made in 1988.

Under the terms of the Agreement, title to the Authority's lands has been encumbered to protect the interests of the Alberta Housing Corporation.

During 1988, the Authority entered into discussions with the Province of Alberta relating to the terms of repayment for the loan. No change has been agreed to as of the date of these financial statements.

7. Debentures payable to the Alberta Municipal Financing Corporation:

In 1981, debentures for $5,500,000 at 18.125% and $6,000,000 at 19.0% issued by The City of Edmonton were allocated to the Authority. The debentures are repayable in equal annual instalments of principal and interest of $2,167,535 through 2006.

The debentures are eligible for the Alberta Government interest rebate which reduces the effective rate to 11% per year. The payments below reflect the effect of the rebate.

The payments required over the next five years are as follows:

Year	Principal	Interest	Total
1989	$188,637	1,217,099	1,405,736
1990	212,216	1,196,348	1,408,564
1991	238,743	1,173,006	1,411,749
1992	268,586	1,146,744	1,415,330
1993	302,159	1,117,199	1,419,358

8. Unamortized grant:

The Province of Alberta provided a cash grant calculated as two-fifths of the costs incurred by the Authority for the design and construction of the Advanced Technology Center, not to exceed $2 million. The Center was completed in 1988 and the $2 million grant is now being amortized to income on a straight-line basis over the life of the building (25 years) in the amount of $80,000 per annum, applied to reduce depreciation expense.

9. Comparative figures:

Certain reclassifications have been made to the 1987 financial statements to conform to the 1988 presentation.

The Edmonton Ambulance Authority

Auditors' Report

To the Members

We have examined the balance sheet of The Edmonton Ambulance Authority ("the Authority") as at December 31, 1988 and the statements of revenue and expenditures and general surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on basis consistent with that of the preceding year.

Edmonton, Canada
February 28, 1989

Peat Marwick
Chartered Accountants

Balance Sheet

December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Assets		
Current assets:		
Accounts receivable, net of allowance for doubtful accounts of $1,233 (1987 - $1,059)	$ 588	755
Inventory - at cost (note 2)	47	68
Prepaid expenses	63	45
	698	868
Fixed assets (note 3)	375	236
	$1,073	1,104
Liabilities and Surplus		
Current liabilities:		
Cheques issued in excess of bank balance	$ 52	18
Accounts payable and accrued charges	483	606
Current portion of long-term debt (note 5)	184	165
Due to The City of Edmonton (note 4)	316	128
	1,035	917
Long-term debt (note 5)		184
Surplus:		
Contributed surplus (note 6)	38	3
General surplus		
	$1,073	1,104

See accompanying notes to financial statements

Statement of Revenue and Expenditures and General Surplus

Year ended December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1988 Budget	1987
		(Unaudited) (note 9)	
Revenue:			
Ambulance services	**$5,017**	5,230	5,110
Deduct bad debt expense	**220**	306	265
	4,797	4,924	4,845
Miscellaneous	**23**	12	20
	4,820	4,936	4,865
Expenditures:			
Labour, salaries and employee benefits	**5,770**	5,632	5,241
Vehicle, plant and equipment	**628**	662	639
Ambulance services	**304**	238	243
Communications	**210**	228	184
Administrative services	**115**	180	107
Debenture servicing costs	**31**	29	56
Disaster Relief			16
	7,058	6,969	6,486
Excess of expenditures over revenue before other items	**2,238**	2,033	1,621
Other items:			
Depreciation (note 3)	**114**	228	670
Amortization of contributed surplus	**(1)**	(1)	(8)
Loss (gain) on disposal of fixed assets	**(8)**		6
	105	227	668
Excess of expenditures over revenue before The City of Edmonton subsidy	**2,343**	2,260	2,289
The City of Edmonton subsidy (note 8)	**2,343**	2,260	2,289
General surplus	**$ nil**	nil	nil

See accompanying notes to financial statements.

Statement of Changes in Financial Position

Year ended December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Operating activities:		
General surplus	$	
Add (deduct):		
Items not affecting working capital:		
Depreciation	**114**	670
Amortization of contributed surplus	**(1)**	(8)
Loss (gain) on disposal of fixed assets	**(8)**	6
Net changes in non-cash working capital balances relating to operations:		
Accounts receivable	**167**	(89)
Inventory	**21**	4
Prepaid expenses	**(18)**	(22)
Accounts payable and accrued charges	**(123)**	53
Cash provided by operations	**152**	614
Investing activities:		
Purchase of fixed assets	**(282)**	(330)
Proceeds on disposal of fixed assets	**36**	20
Cash applied to investing activities	**(246)**	(310)
Financing activities:		
Increase in contributed surplus	**35**	
Repayment of long-term debt	**(163)**	(377)
Cash applied to financing activities	**(128)**	(377)
Increase in bank indebtedness and due to The City of Edmonton	**222**	73
Bank indebtedness and due to The City of Edmonton, beginning of year	**146**	73
Bank indebtedness and due to The City of Edmonton, end of year	**$368**	146
Bank indebtedness and due to The City of Edmonton is comprised of the following:		
Cheques issued in excess of bank balance	**$ 52**	18
Due to The City of Edmonton	**316**	128
	$368	146

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1988

The Edmonton Ambulance Authority was incorporated by Chapter 87 of the Statutes of Alberta, 1981 under Bill PR7 for the purpose of establishing, developing, maintaining, managing and operating an ambulance service in The City of Edmonton. The Authority is a non-profit organization administered by a Board of Directors which is accountable directly to the City Council of Edmonton.

1. Significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles, except for the following:

(a) Fixed assets:

Add²tions and depreciation:

In accordance with accounting policies followed by municipal organizations, fixed assets acquired prior to 1986 and financed through debenture borrowing are carried at their original cost less accumulated depreciation. The annual depreciation charge is calculated on a straight-line basis over the term of the related debenture debt.

Automotive and ambulance equipment acquired subsequent to December 31, 1985 are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives ranging from three to seventeen years. As a result of the application of the accelerated depreciation policy, certain fixed assets which were to have been depreciated over seventeen years have been fully depreciated. The remaining book value of automotive and ambulance equipment is being written off over three to four years.

Office furnishings, computers, training and communication equipment, and other capital items budgeted for in the operating budget are expensed in the year of acquisition.

Accelerated depreciation:

In accordance with an agreement with The City of Edmonton Finance Department, the Authority records an accelerated depreciation provision to the extent of the unexpended favorable budget variance available at the end of the year.

Disposals:

Disposals of automotive and ambulance equipment are accounted for by recording the gain or loss on disposal as an income statement item with both the original cost of the asset and its related accumulated depreciation being removed from the accounts.

(b) Contributed surplus:

Assets acquired through grants or contributions are recorded at their full cost with a corresponding increase to contributed surplus. These assets are depreciated on the same basis as similar automotive and ambulance equipment. The offsetting contributed surplus is amortized to income on the same basis as the donated assets are depreciated.

Notes to Financial Statements — continued

December 31, 1988

2. Inventory:

	1988	1987
Medical supplies	**$20,022**	37,350
Vehicle parts and supplies	**27,066**	30,886
	$47,088	68,236

3. Fixed assets:

	1988			1987
	Cost	**Accumulated depreciation**	**Net book value**	Net book value
Automotive and ambulance equipment	**$1,603,802**	**1,229,067**	**374,735**	236,043

The Authority recorded depreciation in 1988 of $114,405 (1987 - $669,615). The decrease from 1987 is a result of the application of the accelerated depreciation policy followed by the Authority. Under this policy, depreciation was provided in 1987 to the extent of the unexpended favorable budget variance available at the end of 1987.

Accelerated depreciation taken in 1987 resulted in a lower net book value of assets at the end of 1987. The 1988 budget was based on the original net book values of the assets prior to the adjustment for the accelerated depreciation. As a result, actual depreciation recorded for 1988 was $113,695 less than budget.

4. Due to The City of Edmonton:

	1988	1987
Due to The City of Edmonton, beginning of year	**$ 128,398**	48,623
Net transfers from The City of Edmonton	**2,269,810**	2,368,715
The City of Edmonton subsidy (note 8)	**(2,342,602)**	(2,288,940)
Short-term borrowings payable	**163,918**	
December 15, 1988 debenture payment	**96,825**	
Due to The City of Edmonton, end of year	**$ 316,349**	128,398

5. Long-term debt:

	1988	1987
12⅜% debenture, payable $99,117 per year, principal and interest, due December, 1989	**$ 88,202**	166,691
11½% debenture, payable $106,853 per year, principal and interest, due March, 1989	**95,832**	181,780
	184,034	348,471
Less amount due within one year	**184,034**	164,437
	$	184,034

Long-term debt is secured by The City of Edmonton.

Notes to Financial Statements — continued

December 31, 1988

6. Contributed surplus:

The Downtown Lions Club of Edmonton contributed $31,775 to fund a 1982 equipment purchase which was amortized over five years to 1987. The Lions Club of Jasper Place contributed $7,385 to fund a 1984 equipment purchase which is being amortized over five years.

The University of Alberta contributed a modular remount of the Neonatal unit costing $36,323 which is being amortized over four years beginning in 1989.

	1988			1987
	Cost	**Accumulated amortization**	**Net book value**	Net book value
Equipment	**$39,160**	**37,683**	**1,477**	2,954
Neonatal unit remount	**36,323**		**36,323**	
	$75,483	**37,683**	**37,800**	2,954

7. Long-term leases:

Total rent payments in respect of leased premises for the year ending December 31, 1988 amounted to $220,603. Minimum rent payment requirements for each of the next five years are as follows:

1989	$210,400
1990	153,658
1991	152,809
1992	152,809
1993	38,202
	$707,878

8. The City of Edmonton subsidy:

The City of Edmonton 1988 budgeted contribution was $2,260,000. The actual contribution is $2,342,602, which is the amount equal to the excess of expenditures over revenue for the 1988 year.

9. Budget:

Budget information, while not forming a part of the audited financial statements, is included for information purposes.

Auditors' Report

To the Members of
The Edmonton Convention Centre Authority:

We have examined the balance sheet of The Edmonton Convention Centre Authority as at December 31, 1988 and the statements of; operations and The City of Edmonton funding; The City of Edmonton advance; and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Edmonton, Canada
February 28, 1989

Clarkson Gordon
Chartered Accountants

December 31, 1988
(with comparative figures for 1987)
(in thousands of dollars)

	1988	1987
ASSETS		
Current assets:		
Cash	$ 155	$
Accounts receivable (Note 3)	625	397
Inventories (Note 4)	86	119
Prepaid expenses and deposits (Note 5)	70	88
Capital projects (Note 6)	32	
Total current assets	968	604
Leasehold improvements, at cost	343	343
Accumulated amortization	252	178
	91	165
	$1,059	$769
LIABILITIES		
Current liabilities:		
Outstanding cheques less cash balance	$	$ 11
Accounts payable and accrued liabilities	507	236
Salaries and benefits payable	115	156
Deposits (Note 7)	46	47
The City of Edmonton advance	391	319
Commitments (Note 8)		
Total current liabilities	$1,059	$769

(See accompanying notes)

Statement of Operations and The City of Edmonton Funding

For The Year Ended December 31, 1988
(with comparative figures for 1987)
(in thousands of dollars)

	1988				1987
	Banquets	Events and Services	Special Events	Total	Total
Revenue	$2,854	$1,203	$431	$4,488	$3,597
Cost of sales	873		132	1,005	856
Gross margin	1,981	1,203	299	3,483	2,741
Direct operating expenses:					
Salaries, wages and benefits	1,058	392	81	1,531	1,388
Laundry and linen	129	4		133	75
Supplies	142	37	8	187	111
General and administration	8	2		10	12
Advertising and promotion			31	31	62
Janitorial		70		70	84
Entertainment			77	77	149
Repairs and maintenance					1
Storage		10		10	12
Security			5	5	10
Miscellaneous		2	2	4	11
Direct operating expenses	1,337	517	204	2,058	1,915
	$ 644	$ 686	$ 95	$1,425	$ 826
Other (income) expense:					
General administration expense				971	899
Maintenance expense				1,063	1,039
Marketing and sales expense				700	553
Miscellaneous revenue				(206)	(204)
Building and equipment modifications (Note 9)				114	
				2,642	2,287
Excess of expenses over revenue				$1,217	$1,461
Funding from The City of Edmonton				$1,217	$1,461

(See accompanying notes)

The City of Edmonton Advance

For The Year Ended December 31, 1988 (with comparative figures for 1987) (in thousands of dollars)

	1988	1987
The City of Edmonton advance, beginning of year	$ 319	$ 640
Add: Advances received	1,703	1,574
	2,022	2,214
Deduct: Funding from The City of Edmonton for operations	1,217	1,461
Funding from The City of Edmonton for capital projects	414	434
	1,631	1,895
The City of Edmonton advance, end of year	$ 391	$ 319

(See accompanying notes)

Statement of Changes in Financial Position

For The Year Ended December 31, 1988 (with comparative figures for 1987) (in thousands of dollars)

	1988	1987
Cash provided by (used in) operating activities		
Excess of expenses over revenues	$(1,217)	$(1,461)
Add charges to operations not requiring a current cash payment		
Amortization	74	66
Net change in non-cash working capital balance relating to operations	52	155
Cash used in operating activities	(1,091)	(1,240)
Cash (used in) investment activities		
Capital projects – funded	(414)	(434)
– unfunded	(32)	
Leasehold additions		(16)
	(446)	(450)
Cash provided by financing activities		
Advances from The City of Edmonton	1,703	1,574
Net increase (decrease) in cash during the year	166	(116)
Cash (deficiency), beginning of year	(11)	105
Cash (deficiency), end of year	$ 155	$ (11)

(See accompanying notes)

December 31, 1988

1. Authority and activity

On October 24, 1978, The City of Edmonton authorized the creation of The Edmonton Convention Centre Authority "The Authority". The Government of the Province of Alberta proclaimed Bills PR3 as amended by PR11 and PR14, which created The Authority as a Body Corporate. The Authority was established to develop, maintain, manage and operate a trade and convention centre for The City of Edmonton. The land, building and original equipment is owned by The City of Edmonton. Operations commenced on May 15, 1983.

The Authority and The City currently have a five year interim operating agreement extending to June 30, 1992. The Agreement states that The City of Edmonton provides funding for the Authority equal to the excess of annual expenses over revenue and costs for budgeted capital projects.

2. Significant accounting policies

a) Inventories
Inventories of food and beverage are stated at the lower of cost and replacement cost.

b) Fixed assets
Leasehold improvements relate to the pedway area which is occupied by the Authority's offices and retail tenants. Amortization is provided on the straight-line method over five years commencing from the date of occupancy for Authority offices and over the lease term for retail tenants and office space rentals.

Purchases of replacement china, glass and flatware, furniture, equipment and building renovations are included as expenditures in the current year.

3. Accounts receivable

	1988	1987
Trade accounts receivable	$558,441	$326,624
Allowance for doubtful accounts	6,694	7,848
	551,747	318,776
Other	72,738	77,668
	$624,485	$396,444

4. Inventories

Food	$ 42,401	$ 66,004
Beverage	43,427	53,332
	$ 85,828	$119,336

5. Prepaid expenses and deposits

Prepaid expenses	$ 51,316	$ 75,967
Deposits	19,000	12,000
	$ 70,316	$ 87,967

6. Capital projects

These projects represent expenditures on approved capital projects incurred during the year which will not be financed by The City of Edmonton until 1989.

Ex-Hall Floor Finishes	$29,429
Washroom Hall C	2,999
	$32,428

7. Deposits

Customer deposits	$ 41,793	$ 43,599
Tenant deposits	3,774	3,775
	$ 45,567	$ 47,374

December 31, 1988

8. Commitments

The Authority's commitments are for maintenance contracts and operating leases of storage space and computer equipment. The Authority's commitments under the remaining term of these agreements of $476,774 are payable as follows:

1989	$244,603
1990	139,239
1991	55,072
1992	18,930
1993	18,930
	$476,774

9. Building and equipment modifications

A safety audit undertaken with the assistance of the City of Edmonton Occupational and Safety Department as well as the warehousing operations of the Real Estate and Supply Services Department, disclosed that the facility is not in contravention of any regulatory provisions, but to improve safety conditions and procedures, the Authority recommended various changes to operational procedures and modifications to the existing facilities and equipment.

In view of the positive operating financial position of the Authority as compared to budget for the current financial year, it was recommended by the Authority and approved by City Council on September 28, 1988 that the funding for this project be allocated from the 1988 Operating Budget as an extraordinary expense.

Auditors' Report

To the Members

We have examined the balance sheet of the Edmonton Economic Development Authority as at December 31, 1988 and the statement of funds provided and expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Authority as at December 31, 1988 and the funds provided and expenditures of the Authority for the year then ended in accordance with generally accepted accounting principles for municipal organizations applied on a basis consistent with that of the preceding year.

Edmonton, Canada
February 17, 1989

Peat Marwick Reid & Cameron
Chartered Accountants

December 31, 1988, with comparative figures for 1987
(in thousands of dollars)

	1988	1987
Assets		
Funds due from the City of Edmonton	**$60**	159
Liabilities		
Cheques issued in excess of funds on deposit	**$50**	141
Accounts payable and accrued charges	**10**	18
	$60	159

See accompanying notes to financial statements

Edmonton Economic Development Authority

Statement of Funds Received and Expenditures

Year ended December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
City of Edmonton approved budget	$1,637	1,600
Expenditures:		
Advertising	$ 264	208
Computer services	1	2
Consulting fees	13	8
Employee benefits	80	66
Furniture and equipment	79	37
Management contract	111	151
Miscellaneous, freight and delivery	17	16
Printing, postage and stationery	161	139
Professional fees	3	27
Promotion	36	26
Salaries:		
Full time	655	593
Part time	6	11
Space rent and maintenance	89	90
Transportation	26	20
Travel and training	68	65
Utilities	28	23
	1,637	1,482
Funds received to date from the City of Edmonton	1,577	1,323
Funds due from the City of Edmonton	$ 60	159

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1988

1. Authority:

The Edmonton Economic Development Authority ("the Authority") was created by the Edmonton Economic Development Authority Act, a Private Act of the Legislature of the Province of Alberta, in April, 1982. The City of Edmonton provides the Authority with funds which, in the opinion of the Council of the City, are necessary for the operation of the Authority.

2. Significant accounting policies:

(a) Basis of presentation:
The financial statements have been prepared in accordance with generally accepted accounting principles for municipal organizations.

(b) Statement of changes in financial position:
A statement of changes in financial position has not been prepared, as it would not provide additional information to the members.

(c) Fixed assets:
The cost of fixed asset acquisitions and proceeds from fixed asset disposals are charged or credited to expenditures for the year.

Auditors' Report

To the Board of Directors of
the Edmonton Convention and Tourism Authority:

We have examined the combined balance sheet of the Edmonton Convention and Tourism Authority as at December 31, 1988 and the combined statements of operations, surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these combined financial statements present fairly the financial position of the Edmonton Convention and Tourism Authority as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Alberta
April 3,1989

Kingston Ross
Chartered Accountants

STATEMENT 1

Year ended
December 31, 1988
(in thousands of dollars)

	1988	1987
REVENUE		
Grants - City of Edmonton	**$1,546**	$ 970
Incentive programs - Province of Alberta	**70**	104
Memberships	**79**	55
Co-operatives programs, services and sales	**194**	43
Interest	**7**	5
Spirit of Edmonton - Grey Cup Committee	**40**	34
Lottery ticket sales	**137**	115
Housing bureau	**46**	101
Rechargeable items	**6**	19
	2,125	1,446
EXPENSES		
Salaries and benefits - Permanent	**673**	375
- Part time	**67**	165
- Employee search and relocation		32
Premises	**131**	131
Administrative	**179**	148
Marketing	**732**	389
Spirit of Edmonton - Grey Cup Committee	**46**	39
Lottery ticket program	**111**	91
Housing bureau	**42**	95
Rechargeable items	**7**	20
	1,988	1,485
OPERATIONS SURPLUS (DEFICIT) BEFORE EXTRAORDINARY ITEM	**137**	(39)
EXTRAORDINARY ITEM		
Forgiveness of working capital loan - City of Edmonton	**326**	
OPERATIONS SURPLUS (DEFICIT)	**$463**	$(39)

Combined Statement of Surplus

Year ended December 31, 1988 (in thousands of dollars)

STATEMENT 2

	1988			1987
	Operations	Capital	Total	Total
SURPLUS (DEFICIT), BEGINNING OF YEAR	$(313)	$43	$(270)	$(256)
ADD				
Operations surplus before extraordinary item	137		137	
Extraordinary item	326		326	
Capital expenditure financed by:				
Current operation		2	2	17
City of Edmonton		30	30	
Alberta Tourism		11	11	
City of Edmonton facilities grant				40
	150	86	236	(199)
DEDUCT				
Capital appropriation from operations	2		2	17
Operations deficit				39
Depreciation and amortization		20	20	15
SURPLUS (DEFICIT), END OF YEAR	$148	$66	$214	$(270)

December 31, 1988 (in thousands of dollars)

STATEMENT 3

	1988	1987
ASSETS		
CURRENT ASSETS		
Cash	$226	$ 68
Accounts receivable (Note 2)	97	70
Prepaid expenses	81	19
	404	157
FIXED ASSETS (Note 3)	66	43
	$470	$200
LIABILITIES AND SURPLUS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$204	$ 86
Deferred revenue	52	19
Working capital loan - City of Edmonton		365
	256	470
OPERATIONS SURPLUS (DEFICIT) (NOTE 4)	148	(313)
CAPITAL SURPLUS (NOTE 6)	66	43
	214	(270)
	$470	$200

Combined Statement of Changes in Financial Position

Year ended December 31, 1988 (in thousands of dollars)

STATEMENT 4

	1988	1987
OPERATING ACTIVITIES		
Operations surplus (deficit)	**$137**	$ (39)
Item not affecting cash flow before extraordinary item		
Gain on disposal of equipment	**(1)**	
	136	(39)
Net change in non-cash working capital	**62**	(191)
	198	(230)
CAPITAL ACTIVITIES		
Purchase of fixed assets	**(43)**	(16)
Proceeds from disposal of fixed assets	**1**	—
	(42)	(16)
FINANCING ACTIVITIES		
City of Edmonton facilities grant	**30**	40
Alberta Tourism grant	**11**	
Repayment of working capital loan - City of Edmonton	**(39)**	365
	2	405
CASH PROVIDED	**158**	159
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	**68**	(91)
CASH, END OF YEAR	**$226**	$ 68

1. Significant Accounting Policies

Significant accounting policies observed in the preparation of the financial statements are summarized below. These policies are in accordance with generally accepted accounting principles.

Basis of Presentation

These financial statements include the combined operations of the Edmonton Convention and Tourism Authority and The Spirit of Edmonton - Grey Cup Committee as the Authority controls and is responsible for the operations of this committee.

December 31, 1988

Fixed Assets

i) Fixed assets purchased are recorded at cost. The Authority provides depreciation and amortization on its fixed assets and allocates these charges directly to equity using the following methods and rates:

	Method	Rate
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight-line	Term of lease
Computer equipment	Declining balance	30%

ii) Fixed assets provided by The City of Edmonton are recorded in the accounts at the nominal value of $1. The most significant of the items are represented by Visitor Information Centres located on Highway 16 at the East and West entrances to the city.

iii) A computer provided by Alberta Tourism has been recorded in the accounts at its fair market value of $10,700.

Deferred Membership Revenue

Deferred membership revenue includes both revenue billed in advance and current billings for prospective members.

Notes to the Combined Financial Statements — continued

December 31, 1988

2. Accounts Receivable

	1988	1987
Membership	$	$ 1,121
Co-operative programs and joint promotions	24,928	41,632
Spirit of Edmonton	3,582	26,640
City of Edmonton	68,248	
	$96,758	$69,393

3. Fixed Assets

	1988			1987
	Cost	Accumulated Depreciation & Amortization	Net Book Value	Net Book Value
Furniture and fixtures	$ 77,738	$29,684	$48,054	$23,452
Leasehold improvements	49,259	46,946	2,313	12,110
Artwork	3,030		3,030	3,030
Computer equipment	16,665	4,021	12,644	5,070
	$146,692	$80,651	$66,041	$43,662

Depreciation and amortization provided for in the current year totalled $20,326; (1987 - $15,331).

4. Operations Surplus

The Authority's operations surplus includes the combined operations of the Edmonton Convention and Tourism Authority and the Spirit of Edmonton - Grey Cup Committee. The components of the operations surplus are:

	1988	1987
Edmonton Convention and Tourism Authority		
Uncommitted surplus	$ 19,351	$(326,248)
Committed surplus (see Note 5 Commitments)	121,424	
	140,775	(326,248)
Spirit of Edmonton - Grey Cup Committee	6,784	12,776
	$147,559	$(313,472)

5. Commitments

Purchase Commitments

As at December 31, 1988, the Authority had issued purchase orders for goods and services which had not been received or performed as at the year end. As a result, these commitments are not reflected in the Authority's accounts. The expenditure commitments at December 31, 1988 were $121,424.

Lease

The Authority leases its administrative office premises and downtown Visitor Information Centre from the Convention Centre Authority in the Edmonton Convention Centre. The Authority also leases space from the Government of Canada at the Edmonton International Airport. Annual rentals under agreements presently outstanding are as follows:

1989	$61,936
1990	$15,483

December 31, 1988

6. Capital Surplus

	1988
Funded by City of Edmonton	$117,788
Funded by Alberta Tourism	10,700
Funded by Edmonton Convention and Tourism Authority's Operations	18,519
Total capital funding	147,007
Accumulated depreciation charged to Capital Surplus	80,966
	$66,041

7. Comparative Figures

Certain of the prior year's comparative figures have been reclassified to conform with current year's presentation.

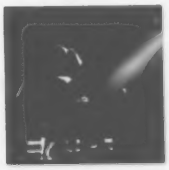
SPECIAL FUNDS FINANCIAL STATEMENTS

Mill Woods is one of Edmonton's newer communities – with a unique history. Conceived in the late 1960s, Mill Woods' design follows the European New Towns in that the development was completely planned before the first shovel was put in the ground.

Students at the entrance to J. Percy Page High School.

Town Centre Shopping Centre by night.

Grey Nuns Hospital opened in 1987.



Mill Woods is in full bloom now with over 60,000 residents and all major shopping, recreational, education and health facilities in place. The community roots are deep, with many energetic social, recreational, political and spiritual groups and associations working to build a strong feeling of lasting community and ensure a high quality of life.

The sod hut was a useful housing-type for early settlers on the prairies.

The Sinking Fund of The City of Edmonton

Auditors' Report

To His Worship the Mayor and Council,
The City of Edmonton

We have examined the balance sheet of The Sinking Fund of The City of Edmonton as at December 31, 1988 and the statements of earnings and unappropriated surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Sinking Fund of The City of Edmonton as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

The financial statements of the preceding year were examined by other chartered accountants.

Edmonton, Canada
February 28, 1989

Thorne Ernst & Whinney
Chartered Accountants

(in thousands of dollars)

	December 31	
	1988	1987
ASSETS		
Cash	**$ 1**	$ 5
Short-term investments (note 1)	**31,989**	43,504
Accrued interest receivable	**2,484**	1,661
Due from The City of Edmonton	**17**	53
Deferred foreign exchange loss	**246**	202
Long-term investments (note 2)	**71,832**	36,905
	$106,569	$82,328
LIABILITIES, RESERVES FOR DEBT RETIREMENT AND UNAPPROPRIATED SURPLUS		
LIABILITIES		
Accounts payable	**$ 49**	$ 323
Note payable to The City of Edmonton	**15**	
	64	323
RESERVES FOR DEBT RETIREMENT:		
9¼% Series "U" due September 1, 1990	**4,498**	4,131
9¼% Series "W" due December 15, 1990	**4,565**	3,892
8¾% Series "Y" due August 4, 1991	**3,190**	2,921
8½% Series "AA" due May 15, 1992	**5,165**	4,711
8½% Series "AB" due June 15, 1992	**5,144**	4,692
12¼% Series "DB" due March 15, 1993	**22,410**	17,391
9% Series "CB" due March 1,1994	**1, 964**	1,436
10⅞% Series "AMFC #1" due December 15, 1997	**5,977**	
12¼% Series "EB" due June 14, 2003	**7,915**	6,143
11¼% Series "IB" due December 17, 2005	**4,338**	2,807
9¼% Series "JB" due February 26, 2007	**1,576**	
Allowance for exchange costs at maturity	**990**	1,404
	67,732	49,528
UNAPPROPRIATED SURPLUS	**38,773**	32,477
	$106,569	$82,328

The Sinking Fund of The City of Edmonton

(in thousands of dollars)

	Year ended December 31	
	1988	1987
Interest earnings	**$ 6,784**	$ 5,610
Amortization of discounts and premiums, net (note 3)	**1,869**	984
Gain (loss) on sale of investments	**1,020**	(181)
Gain (loss) on foreign currency translation	**(132)**	10
	9,541	6,423
Amortization of deferred foreign exchange loss	**(231)**	(43)
NET EARNINGS	**9,310**	6,380
Appropriation of required earnings on sinking funds	**3,014**	2,335
UNAPPROPRIATED EARNINGS FOR THE YEAR	**6,296**	4,045
Unappropriated surplus at beginning of year	**32,477**	28,432
UNAPPROPRIATED SURPLUS AT END OF YEAR	**$38,773**	$32,477

(in thousands of dollars)

	Year ended December 31	
	1988	1987
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net earnings	**$ 9,310**	$6,380
Items not involving cash		
Amortization of discounts and premiums, net (note 3)	**(1,869)**	(984)
Gain (loss) on sale of investments	**(1,020)**	181
Gain (loss) on foreign currency translation	**132**	(10)
Amortization of deferred foreign exchange loss	**231**	43
	6,784	5,610
Increase in accrued interest receivable	**(823)**	(594)
Decrease in accounts payable	**(274)**	
	5,687	5,016
INVESTING		
Proceeds from disposal of long-term investments	**24,994**	13,015
Purchase of long-term investments	**(57,852)**	(37,648)
	(32,858)	(24,633)
FINANCING		
Decrease (increase) in due from The City of Edmonton	**36**	(44)
Note payable to The City of Edmonton	**15**	
Sinking Fund payments from The City of Edmonton	**15,603**	8,128
	15,654	8,084
DECREASE IN CASH POSITION	**11,517**	11,533
Cash position at beginning of year	**43,507**	55,040
CASH POSITION AT END OF YEAR	**$31,990**	$43,507

Cash position consists of cash and short-term investments.

Notes to Financial Statements

Year ended
December 31, 1988

GENERAL

The City of Edmonton makes annual payments into The Sinking Fund as required by each debenture issue. These funds are invested by The Sinking Fund trustees in securities as approved by existing legislation. The annual rate of return required by the issue is allocated to meet the future debt requirements. Earnings in excess of those required are maintained within the Fund as unappropriated surplus, which may, on request of the City Council and subject to the approval of the Local Authorities Board, be used for such purposes as approved by the Board.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Amortization of discounts and premiums
Purchase discounts and premiums on the long-term investments are amortized on the present value basis over the term of the issue.

Foreign exchange translation
Reserves for debt retirement and investments are translated at the current exchange rate. The gain or loss on translation is deferred and amortized over the term of the issue.

1. SHORT-TERM INVESTMENTS

Short-term investments are recorded at cost.

	1988	1987
The City of Edmonton	$	$ 225,000
Commercial Paper	31,988,540	43,278,680
	$31,988,540	$43,503,680

2. LONG-TERM INVESTMENTS

Long-term investments are recorded at amortized cost.

	Market Value		Amortized Cost	
	1988	1987	1988	1987
Government of Canada bonds and debentures	$30,705,369	$11,654,334	$31,545,992	$11,325,639
City of Edmonton debentures	9,131,071	13,051,556	9,387,549	13,490,565
Government of Canada Coupons and Residuals	29,837,402	11,721,987	30,898,594	12,088,866
	$69,673,842	$36,427,877	$71,832,135	$36,905,070

3. CHANGE IN ACCOUNTING PRACTICE

During 1988, The Sinking Fund changed its method of amortizing purchase premiums and discounts on long-term investments from the straight-line method to the present value method. This change was not made retroactively because the impact on the prior year was not significant.

4. RELATED PARTY TRANSACTIONS

The Sinking Fund was advanced short-term loans from The City of Edmonton, The City of Edmonton Pension Fund and The City of Edmonton Reserves Fund during the year under an agreement that required payment of interest at normal commercial rates. Interest charges during the year amounted to $8,847 paid to The City of Edmonton, $16,791 to The Pension Fund and $36,066 to The Reserves Fund for a total of $61,704.

Auditors' Report

To His Worship the Mayor and Council,
The City of Edmonton

We have examined the balance sheet of The Reserves Fund of The City of Edmonton as at December 31, 1988 and the statements of earnings, reserve deposits and equity and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Reserves Fund of The City of Edmonton as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The financial statements of the preceding year were examined by other chartered accountants.

Edmonton, Canada
February 28, 1989

Thorne Ernst & Whinney
Chartered Accountants

Balance Sheet

(in thousands of dollars)

	December 31	
	1988	1987
ASSETS		
Cash	**$ 6**	$ 4
Short-term investments (note 1)	**22,304**	23,114
Accrued interest receivable	**1,102**	954
Accounts receivable	**5**	5
Due from The City of Edmonton	**881**	
Long-term investments (note 2)	**23,673**	18,417
	$47,971	$42,494
LIABILITIES, RESERVE DEPOSITS AND EQUITY		
Accounts payable	**$ 10**	$ 6
Due to The City of Edmonton		721
	10	727
RESERVE DEPOSITS	**20,228**	16,406
THE CITY OF EDMONTON EQUITY	**27,733**	25,361
	$47,971	$42,494

Statement of Earnings

(in thousands of dollars)

	Year ended December 31	
	1988	1987
Earnings		
Interest earned	**$4,231**	$3,628
Net amortization of discounts and premiums	**(56)**	(58)
Gain (loss) on disposal of securities	**81**	(137)
	4,256	3,433
Expenses		
Other	**13**	2
Trustee honorariums	**1**	1
	14	3
Net earnings	**$4,242**	$3,430

Statement of Reserve Deposits and Equity

(in thousands of dollars)

	December 31, 1987	Deposits	Net Earnings	Withdrawals	Adjustment to Market	December 31, 1988
RESERVE DEPOSITS						
Cemetery Perpetual Care	$1,552	$46	$144	$121	$	**$1,621**
Edmonton Creche and Day Nursery	3					**3**
Parkland Reserve Trust	465	646	41			**1,152**
Self-Insurance	14,136	252	1,405			**15,793**
Motor Vehicles	250		25	25		**250**
Universiade '83 Trust Fund		1,400	9			**1,409**
	16,406	2,344	1,624	146		**20,228**
THE CITY OF EDMONTON EQUITY	25,361		2,618		(246)	**27,733**
	$41,767	$2,344	$4,242	$146	$ (246)	**$47,961**

Statement of Changes in Financial Position

(in thousands of dollars)

	Year ended December 31	
	1988	1987
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net earnings	**$ 4,242**	$3,430
Items not involving cash:		
Loss (gain) on disposal of securities	**(81)**	137
Amortization of discounts and premiums	**56**	58
	4,217	3,625
Increase in accrued interest	**(148)**	(297)
Increase in accounts receivable		(3)
Increase (decrease) in accounts payable	**4**	(5,082)
	4,073	(1,757)
INVESTING		
Proceeds from disposal of bonds and debentures	**11,213**	9,590
Purchases of bonds and debentures	**(16,690)**	(11,732)
	(5,477)	(2,142)
FINANCING		
(Increase) decrease in due from The City of Edmonton	**(1,602)**	921
Net deposits to (withdrawals from) reserves	**2,198**	(850)
	596	71
DECREASE IN CASH POSITION	**(808)**	(3,828)
Cash position at beginning of year	**23,118**	26,946
CASH POSITION AT END OF YEAR	**$22,310**	$23,118

Cash position is defined as cash and short-term investments.

Notes to Financial Statements

Year Ended December 31, 1988

GENERAL

The City of Edmonton maintains the Reserves Fund to finance the specified activities summarized on the Statement of Reserve Deposits and Equity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Amortization of premiums and discounts
Purchase premiums and discounts on long-term investments are amortized on a straight-line basis over the term of the issue.

Distribution of net earnings
Net earnings are distributed to reserve deposits and The City of Edmonton equity account based on their weighted average proportionate share of the total assets.

1. SHORT-TERM INVESTMENTS

Short-term investments are recorded at cost.

	1988	1987
The City of Edmonton	$ 355,000	$ 1,105,000
Commercial paper	21,948,945	22,008,920
	$22,303,945	$23,113,920

2. LONG-TERM INVESTMENTS

Long-term investments are recorded at the lower of cost or market value. Any adjustment required is applied directly to the City of Edmonton equity account.

	Market Value		Amortized Cost	
	1988	1987	1988	1987
Government of Canada	$20,976,449	$14,466,270	$22,313,826	$15,557,618
The City of Edmonton	2,696,462	3,945,965	2,884,011	4,133,583
Other		4,825		4,904
TOTAL	$23,672,911	$18,417,060	$25,197,837	$19,696,105

Amortized cost represents historical cost adjusted for amortization of purchase premiums and discounts.

3. RELATED PARTY TRANSACTIONS

During the year, The Reserves Fund advanced short-term loans to The Pension Fund of The City of Edmonton and The Sinking Fund of The City of Edmonton under an agreement requiring payment of interest at commercial rates. As at December 31, 1988 the loans were repaid and interest of $3,980 was received from The Pension Fund and $36,066 from The Sinking Fund.

Interest earned during the year on short-term investments with The City of Edmonton amounted to $120,042.

Auditors' Report

To His Worship the Mayor and Council,
The City of Edmonton

We have examined the statements of net assets of The Pension Fund of The City of Edmonton which is comprised of the Pension Investment Fund and its seven member funds; the Annuity Fund, Police Supplementary Pension Fund, Fire Supplementary Pension Fund, The City of Edmonton Supplementary Pension Plan for Employees in the Position of Fire Chief and Deputy Fire Chief, Group Life Insurance Fund, General Pension Fund and Pension Plan for R.F. Lunney as at December 31, 1988 and the statements of changes in net assets for each of the funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Pension Fund of The City of Edmonton as at December 31, 1988 and the changes in its net assets for the year then ended in accordance with accounting principles set out in the Summary of Significant Accounting Policies applied on a basis consistent with that of the preceding year.

The financial statements of the preceding year were examined by other chartered accountants.

February 28, 1989
Edmonton, Canada

Thorne Ernst and Whinney
Chartered Accountants

Pension Investment Fund Statement of Net Assets

(in thousands of dollars)

	December 31	
	1988	1987
ASSETS		
Cash	**$ 6**	$ 3
Short-term investments (note 1)	**13,004**	1,421
Accrued interest receivable	**448**	324
Accounts receivable	**41**	51
Long-term investments (note 2)	**17,361**	25,415
	30,860	27,214
LIABILITIES		
Accounts payable	**563**	697
NET ASSETS	**$30,297**	$26,517

Pension Investment Fund Statement of Changes in Net Assets

(in thousands of dollars)

	Year ended December 31	
	1988	1987
INVESTMENT INCOME		
Interest from short-term investments (net)	**$ 622**	$ 274
Bonds and debentures:		
Interest	**1,215**	1,499
Capital appreciation (depreciation)	**159**	(1,695)
Common and preferred shares:		
Dividends	**301**	403
Capital appreciation	**745**	1,748
Mortgages:		
Interest	**13**	18
Capital appreciation	**5**	10
Mortgage fees	**(1)**	(1)
	3,059	2,256
LESS INVESTMENT EXPENSES		
Investment counselling fees	**65**	68
Administration	**26**	15
	91	83
NET INVESTMENT INCOME	**2,968**	2,173
NET CASH INFLOW (OUTFLOW) OF MEMBER FUNDS		
Annuity Fund	**(468)**	(477)
Police Supplementary Pension Fund	**(112)**	(127)
Fire Supplementary Pension Fund	**1,288**	687
Fire Chief/Deputy Fire Chief Supplementary Pension Fund	**1**	(12)
Group Life Insurance Fund		(1)
General Pension Fund		(16,746)
Pension Plan for R.F. Lunney	**103**	
	812	(16,676)
INCREASE (DECREASE) IN NET ASSETS	**3,780**	(14,503)
Net assets at beginning of year	**26,517**	41,020
NET ASSETS AT END OF YEAR	**$30,297**	$ 26,517

Annuity Fund Statement of Net Assets

(in thousands of dollars)

	December 31	
	1988	1987
Units of Pension Investment Fund (note 3)	**$3,656**	$3,730

Annuity Fund Statement of Changes in Net Assets

(in thousands of dollars)

	Year ended December 31	
	1988	1987
INCREASE IN ASSETS		
Contributions — The City of Edmonton	**$**	$ 18
Allocation of net investment income of the Pension Investment Fund	**394**	146
	394	164
DECREASE IN ASSETS		
Pension payments	**468**	494
Administrative expenses		1
	468	495
DECREASE IN NET ASSETS	**(74)**	(331)
Net assets at beginning of year	**3,730**	4,061
NET ASSETS AT END OF YEAR	**$3,656**	$3,730

Police Supplementary Pension Fund Statement of Net Assets

(in thousands of dollars)

	December 31	
	1988	1987
Units of Pension Investment Fund (note 3)	**$2,381**	$2,248

Police Supplementary Pension Fund Statement of Changes in Net Assets

(in thousands of dollars)

	Year ended December 31	
	1988	1987
INCREASE IN ASSETS		
Allocation of net investment income of the Pension Investment Fund	**$ 245**	$ 78
DECREASE IN ASSETS		
Pension payments	**112**	126
Administrative expenses		1
	112	127
INCREASE (DECREASE) IN NET ASSETS	**133**	(49)
Net assets at beginning of year	**2,248**	2,297
NET ASSETS AT END OF YEAR	**$2,381**	$2,248

Five Year Supplementary Pension Fund Statement of Net Assets

(in thousands of dollars)

	December 31	
	1988	1987
Units of Pension Investment Fund (note 3)	**$24,052**	$20,450
Contributions receivable	**43**	
NET ASSETS	**$24,095**	$20,450

Five Year Supplementary Pension Fund Statement of Changes in Net Assets

(in thousands of dollars)

	Year ended December 31	
	1988	1987
INCREASE IN ASSETS		
Contributions		
Employees	**$ 439**	$ 411
The City of Edmonton	**1,827**	1,109
	2,266	1,520
Allocation of net investment income of the Pension Investment Fund	**2,314**	590
	4,580	2,110
DECREASE IN ASSETS		
Pension payments	**922**	844
Withdrawals of contributions	**13**	2
Administrative expenses		3
	935	849
INCREASE IN NET ASSETS	**3,645**	1,261
Net assets at beginning of year	**20,450**	19,189
NET ASSETS AT END OF YEAR	**$24,095**	$20,450

The City of Edmonton Supplementary Pension Plan for Employees in the Position of Fire Chief and Deputy Fire Chief

Statement of Net Assets

(in thousands of dollars)

	December 31	
	1988	1987
ASSETS		
Units of Pension Investment Fund (note 3)	**$29**	$26
Contributions receivable	**1**	
	30	26
LIABILITIES		
Accounts payable		1
NET ASSETS	**$30**	$25

The City of Edmonton Supplementary Pension Plan for Employees in the Position of Fire Chief and Deputy Fire Chief

Statement of Changes in Net Assets

(in thousands of dollars)

	Year ended December 31	
	1988	1987
INCREASE IN ASSETS		
Contributions		
Employees	**$ 2**	$ 2
The City of Edmonton	**4**	3
	6	5
Allocation of net investment income of the Pension Investment Fund	**3**	1
	9	6
DECREASE IN ASSETS		
Pension payments	**4**	14
Administrative expenses		3
	4	17
INCREASE (DECREASE) IN NET ASSETS	**5**	(11)
Net assets at beginning of year	**25**	36
NET ASSETS AT END OF YEAR	**$30**	$25

Group Life Insurance Fund Statement of Net Assets

(in thousands of dollars)

	December 31	
	1988	1987
Units of Pension Investment Fund (note 3)	**$70**	$63

Group Life Insurance Fund Statement of Changes in Net Assets

(in thousands of dollars)

	Year ended December 31	
	1988	1987
INCREASE IN ASSETS		
Allocation of net investment income of the Pension Investment Fund	**$ 7**	$ 2
DECREASE IN ASSETS		
Life Insurance Benefits paid		1
INCREASE IN NET ASSETS	**7**	1
Net assets at beginning of year	**63**	62
NET ASSETS AT END OF YEAR	**$70**	$63

General Pension Fund Statement of Changes in Net Assets

(in thousands of dollars)

	Year ended December 31	
	1988	1987
INCREASE IN ASSETS		
Allocation of net investment income of the Pension Investment Fund	**$**	$ 1,355
DECREASE IN ASSETS		
Refund of contributions under Rule 45-10		2
Professional fees		1
Payment to The City of Edmonton		16,739
		16,742
DECREASE IN NET ASSETS		(15,387)
Net assets at beginning of year		15,387
NET ASSETS AT END OF YEAR	**$**	$

Pension Plan for R.L. Lunney Statement of Net Assets

(in thousands of dollars)

	December 31	
	1988	1987
Units of Pension Investment Fund (note 3)	**$109**	$

Pension Plan for R.L. Lunney Statement of Changes in Net Assets

(in thousands of dollars)

	Year ended December 31	
	1988	1987
INCREASE IN ASSETS		
Contributions — The City of Edmonton	**$161**	$
Less allocation of net investment income of the Pension Investment Fund	**6**	
	167	
DECREASE IN ASSETS		
Pension payments	**57**	
Administrative expenses	**1**	
	58	
INCREASE IN NET ASSETS	**109**	
Net assets at beginning of year		
NET ASSETS AT END OF YEAR	**$109**	$

Notes to Financial Statements

Year ended
December 31, 1988

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements are prepared on a unitized basis and present only the position of the net assets under the control of Trustees of The City of Edmonton Pension Fund, independent of The City of Edmonton and plan members. They do not reflect the funding requirements of the plans or the benefit security of individual participants.

Units of the Pension Investment Fund were allocated to certain member funds in proportion to their interest in the Pension Investment Fund as of January 1, 1972 (the starting date for the unitization process) at an initial value of $10 per unit. Subsequently, units have been allocated quarterly to member funds based on their respective cash flows at a unit value calculated by reference to the market value of the net assets of the Pension Investment Fund and the number of units outstanding.

1. SHORT-TERM INVESTMENTS

Short-term investments are recorded at cost.

	1988	1987
The City of Edmonton	**$ 330,000**	$ 925,000
Commercial paper	**12,673,740**	496,290
	$13,003,740	$1,421,290

2. LONG-TERM INVESTMENTS

Long-term investments are recorded at market value.

	Market Value		Cost	
	1988	1987	**1988**	1987
Bonds	**$11,724,673**	$13,611,650	**$11,888,592**	$13,992,491
Common shares	**5,491,632**	11,585,241	**5,730,725**	11,184,926
Mortgages	**144,823**	218,210	**85,151**	161,948
	$17,361,128	$25,415,101	**$17,704,468**	$25,339,365

Notes to Financial Statements – continued

Year ended December 31, 1988

3. UNITS OF PENSION INVESTMENT FUND

The units of the Pension Investment Fund held by member funds and the respective share of Pension Investment Fund net assets represented by these units at December 31, 1988 (value per unit $49.231090) and 1987 (value per unit $44.310520) are as follows:

	Units		Amount	
	1988	1987	**1988**	1987
Annuity Fund	**74,254.18**	84,175.72	**$3,655,614**	$3,729,870
Police Supplementary Pension Fund	**48,353.42**	50,726.09	**2,380,492**	2,247,699
Fire Supplementary Pension Fund	**488,547.79**	461,522.30	**24,051,740**	20,450,293
Fire Chief and Deputy Fire Chief Supplementary Pension Fund	**608.62**	585.46	**29,963**	25,942
Group Life Insurance Fund	**1,421.65**	1,421.65	**69,989**	62,995
Pension Plan for R.F. Lunney	**2,209.15**		**108,759**	
	615,394.81	598,431.22	**$30,296,557**	$26,516,799

4. ACTUARIAL SURPLUSES AND DEFICIENCIES

a) **Annuity Fund**
An actuarial valuation as of December 31, 1986 disclosed an acturial surplus of $1,349,200. The disposition of this balance is under review.

b) **Police Supplementary Pension Fund**
An actuarial valuation performed as of December 31, 1986 disclosed an actuarial surplus of $164,800. The disposition of this balance is under review.

c) **Firefighter's Supplementary Pension Fund**
Based on an actuarial valuation as of December 31, 1986, the Firefighter's Supplementary Pension Fund had an aggregate unfunded liability amounting to $9,500,000. This amount is being funded through annual special payments of $1,100,000.

d) **Fire Chief/Deputy Fire Chief Supplementary Pension Fund**
An actuarial valuation as of December 31, 1986 disclosed an unfunded liability of approximately $324,000. The funding of this balance is under review at this date.

e) **Group Life Insurance Fund**
As of December 31, 1988, an amount of $2,584 was determined to be the amount required to pay future beneficiaries from this fund. The net assets of the Group Life Insurance Fund as of December 31, 1988 amounted to $69,989 indicating an excess in this fund of $67,405.

f) **Pension Plan for R.F. Lunney**
As of May 1, 1988, an amount of approximately $161,000 was determined to be required to fully fund the pension benefits.

5. RELATED PARTY TRANSACTIONS

The Pension Fund was advanced short-term loans from The City of Edmonton and The City of Edmonton Sinking and Reserves Funds during the year under an agreement that required payment of interest at prevailing market rates. As at December 31, 1988, all loans were repaid and interest charges during the year amounted to $5,102 paid to The City of Edmonton, $1,124 to The Sinking Fund and $3,980 to The Reserves Fund for a total of $10,206.

6. RECLASSIFICATION

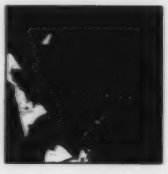
Certain of the prior year amounts have been reclassified to conform with the current year's presentation.

BOARDS FINANCIAL STATEMENTS

Edmonton Northlands, a not-for-profit volunteer organization, began in 1879 as an agricultural society of area farmers and business people whose purpose was to hold an annual agricultural exposition and summer fair. The operation grew to incorporate horse racing, trade shows, sporting events and entertainment. The energetic and enterprising volunteer group now directs year-round activities on a 40-hectare (100-acre) site near the heart of the city.

Oilers are looking for that goal and it's, oh, so close.

"And they're off!". Race day at Edmonton Northlands Track.



The Canadian Finals Rodeo at Northlands Coliseum.

The exposition and fair component of Edmonton's Klondike Days summer celebration is organized and presented on the Exhibition Grounds by Edmonton Northlands. Northlands operates major facilities such as the Northlands Coliseum, home to the Edmonton Oilers Hockey Club, Northlands Park Racetrack, Northlands Agricom and Northlands Sportex on land owned by the City.

A volunteer Board of Directors which include City appointees, continue the function of that early agricultural society to meet the needs of Edmonton, as well as Central and Northern Alberta.

Edmonton Northlands
Edmonton Northlands, formerly The Edmonton Exhibition Association Limited, is a non-profit company incorporated under the Laws of Alberta. It has authorized 300 shares and issued 232 shares. No dividends or profits shall be paid to any of the shareholders of the company.

Because The City of Edmonton owns the lands on which The Edmonton Northlands facilities are situated, all buildings and improvements situated thereon are the properties of The City of Edmonton.

The Edmonton Public Library Board
The Edmonton Public Library Board operates under the Libraries Act (Provincial Statute). The Board consists of nine members of whom one is an Alderman. The Board exercises general management, regulations and control of the Library.

The City of Edmonton uses taxes to provide operating funds and as required, with the approval of the Local Authorities Board, borrows money to finance capital expenditures. The City's financial statements reflect the operations of the Library.

Royal Alexandra Hospital Board
The Royal Alexandra Hospital Board consists of the Mayor and three Aldermen.

As The City of Edmonton owns the land on which the hospital is situated, all buildings and improvements are the property of the City. The City, with the approval of the Local Authorities Board, borrows funds for capital programs.

The City's financial statements only include the assets of the Royal Alexandra Hospital equivalent to the outstanding debenture borrowings. All debt servicing is recovered from the Provincial Government.

The Edmonton School District No. 7
The Edmonton R.C. Separate School District No. 7
School administration is completely independent from the City Council and subject to control by the Provincial Government pursuant to the provisions of the School Act.

The School Boards establish their own budgets for current and capital expenditures and have the power with the approval of the Local Authorities Board to borrow money.

The only relationship between these two boards and The City of Edmonton is that the City is obligated to provide funds raised by taxes deemed necessary by the School Boards.

Auditors' Report

To the Members of
Edmonton Northlands:

We have examined the balance sheet of Edmonton Northlands as at September 30, 1988 and the statements of reinvested earnings, income and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Edmonton Northlands as at September 30, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Edmonton, Canada
November 10, 1988

Clarkson Gordon
Chartered Accountants

Statement of Income

For the Year Ended September 30, 1988 (with comparative figures for 1987) (in thousands of dollars)

	Revenue		Direct Expenses		Operating Income (Loss)	
	1988	1987	**1988**	1987	**1988**	1987
Facilities	**$10,397**	$ 9,750	**$ 9,085**	$ 8,840	**$ 1,312**	$ 910
Concessions	**4,476**	4,224	**3,262**	3,120	**1,214**	1,104
Lounges and dining facilities	**5,679**	5,103	**4,781**	4,229	**898**	874
Agriculture	**239**	215	**1,023**	947	**(784)**	(732)
Rodeos	**672**	613	**818**	754	**(146)**	(141)
Thoroughbred racing	**6,263**	6,118	**6,067**	6,125	**196**	(7)
Harness racing	**6,631**	6,267	**6,394**	6,273	**237**	(6)
Klondike Days	**5,508**	4,881	**4,773**	4,643	**735**	238
Northlands programs and events	**600**	397	**434**	328	**166**	69
Trade shows and World Trade Center	**440**	56	**1,018**	592	**(578)**	(536)
Advertising, signage and sponsorship	**1,179**	423	**512**	234	**667**	189
	42,084	38,047	**38,167**	36,085	**3,917**	1,962
Less internal rental revenue and expenses	**(2,662)**	(2,638)	**(2,662)**	(2,638)		
	$39,422	$35,409	**$35,505**	$33,447	**3,917**	1,962
Indirect expenses, depreciation and amortization						
Administration					**1,949**	1,830
Interest expense net of interest income (Note 6)					**1,627**	1,291
Contributions to other groups					**115**	147
Corporate relations					**335**	376
Depreciation (Note 3)					**3,363**	3,052
Amortization of contributions for expansion of facilities and capital debt retirement					**(2,033)**	(1,829)
					5,356	4,867
Operating loss					**(1,439)**	(2,905)
Province of Alberta grants and contributions					**1,072**	1,044
Western Canada Lottery Corporation funding for operations (Note 7)					**500**	500
					1,572	1,544
Net income (loss)					**$ 133**	$(1,361)

(The accompanying notes are an integral part of the financial statements)

Balance Sheet

September 30, 1988
(with comparative figures at September 30, 1987)
(in thousands of dollars)

	1988	1987
ASSETS		
Current:		
Cash and term deposits	**$ 53**	$ 3,802
Accounts receivable	**916**	1,086
Due from Province of Alberta	**792**	366
Inventories	**443**	289
Prepaid expenses	**306**	260
Total current assets	**2,510**	5,803
Deposit for investment in racing program operation (Note 2)	**366**	244
Fixed assets (Note 3)	**83,546**	78,982
	$86,422	$85,029

(The accompanying notes are an integral part of the financial statements)

Balance Sheet

September 30, 1988
(with comparative figures at September 30, 1987)
(in thousands of dollars)

	1988	1987
LIABILITIES AND EQUITY		
Current:		
Accounts payable and accrued charges	**$ 7,638**	$ 7,532
Accrued interest on long-term debt	**445**	457
Long-term debt due within one year	**1,387**	1,597
Total current liabilities	**9,470**	9,586
Long-term debt (Note 4)	**14,912**	16,299
Deferred revenue	**1,700**	1,404
Contingencies (Note 8)		
Contributions for expansion of facilities and capital debt retirement (Note 5)	**53,897**	51,430
Equity:		
Capital —		
Authorized:		
300 shares of $5 each		
Issued:		
232 shares	**1**	1
Reinvested earnings	**6,442**	6,309
	6,443	6,310
	$86,422	$85,029

(The accompanying notes are an integral part of the financial statements)

Statement of Cash Flows

For the Year Ended September 30, 1988 (with comparative figures for 1987) (in thousands of dollars)

	1988	1987
Cash provided by (used in) operating activities		
Net Income (loss) for the year	**$ 133**	$(1,361)
Add (deduct) charges to operations not requiring a current cash payment:		
Depreciation	**3,363**	3,052
Amortization of contributions	**(2,033)**	(1,829)
Amortization of deferred revenue	**(177)**	(30)
Increase in deferred revenue	**473**	1,281
Net change in non-cash working capital balances related to operations	**(162)**	(820)
Cash provided by operating activities	**1,597**	293
Cash used in investment activities		
Additions to property, plant and equipment	**(7,927)**	(9,834)
Deposit for investment in racing program operation	**(122)**	(122)
Cash used in investment activities	**(8,049)**	(9,956)
Cash provided by (used in) financing activities		
Repayment of long-term debt	**(1,597)**	(1,584)
Capital contributions - Western Canada Lottery Corporation	**4,500**	4,500
Net change in non-cash working capital balances related to financing activities	**(200)**	522
Cash provided by financing activities	**2,703**	3,438
Net decrease in cash during the year	**(3,749)**	(6,225)
Cash position at beginning of year	**3,802**	10,027
Cash position at end of year	**$ 53**	$ 3,802

(The accompanying notes are an integral part of the financial statements)

Statement of Reinvested Earnings

For the Year Ended September 30, 1988 (with comparative figures for 1987) (in thousands of dollars)

	1988	1987
Reinvested earnings, beginning of year	**$6,309**	$7,670
Net income (loss) for the year	**133**	(1,361)
Reinvested earnings, end of year	**$6,442**	$6,309

(The accompanying notes are an integral part of the financial statements)

Notes to Financial Statements

September 30, 1988

Introduction

Edmonton Northlands, formerly the Edmonton Exhibition Association Limited which was incorporated in 1908, is the successor to the Edmonton Agricultural Society of 1879 and The Edmonton Industrial Exhibition Association of 1899. Its purpose is to provide programs and facilities to benefit the residents of Northern Alberta in the fields of Agriculture, Trade Shows and Exhibitions, Entertainment and Community Service. The Company's 232 members, along with associate directors and other volunteers, provide the impetus and volunteer assistance that enables it to achieve its objectives. The Company is exempt from income tax, it cannot pay dividends to its members, the shares cannot appreciate in value and its members and directors do not receive any fee for their services. Reinvested earnings of the Company are invested in its facilities.

The Company is qualified under the provisions of the Alberta Agriculture Societies Act and receives substantial funding from the Province of Alberta by way of grants and loan guarantees and from the Western Canada Lottery Corporation. Assistance has also been received from the Government of Canada by way of grants and loans, and from the City of Edmonton, primarily for land acquisition.

The land on which the Company's facilities are located is held in the name of the City of Edmonton and leased to the Company under a lease which expires in 1999. If the lease is not renewed or extended, the buildings and improvements on the leased lands will revert to the City of Edmonton. The amount of the annual lease rental is subject to periodic review and is currently under discussion with the City (See Note 8).

1. Summary of significant accounting policies

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles described in this note which have been consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in light of the information available up to November 10, 1988. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Fixed assets and depreciation

Fixed assets are recorded at cost and, except for land and properties acquired for future expansion, are depreciated on the straight-line basis over the estimated useful lives of the assets as set out below. No depreciation is recorded on construction in progress until such time as the assets are substantially complete.

Assets	Useful life
Coliseum and AgriCom	50 years
Other buildings	25 years
Equipment	3 to 15 years

Interest on borrowings in respect of capital projects is expensed, except where carrying costs form an integral part of construction contracts.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Grants and contributions

Grants and contributions are recognized at the earliest of the date of commitment by the grantor or upon receipt by the Company. Amounts designated for capital purposes, including the acquisition of property for expansion, construction of facilities or retirement of capital debt, are credited to "Contributions for expansion of facilities and capital debt retirement" and amortized into income each year on the same basis as the related assets. Amounts designated for capital purposes which are used to pay interest on capital debt are applied to reduce interest costs. Other grants and contributions not specifically designated for capital purposes are included in income.

Deferred revenues

Revenues received which relate to future periods are deferred and brought into income over the term of the related agreements.

Revenue and expenses

The revenue and expenses recorded in these statements reflect only the amounts actually attributable to the Company. Amounts received or disbursed on behalf of third parties are not reflected.

Internal rental revenue and expenses represent inter-departmental charges for services provided and used between the departments. These charges are determined by management to represent external market conditions and are applied on a basis consistent with the previous year.

2. Agreement to acquire racing program operation

In 1986 Edmonton Northlands entered into an agreement to acquire, in 1991, the shares of the company which produces and supplies the thoroughbred and harness racing programs to Northlands. The purchase price is based on program sales for the five year period 1986 to 1990. The obligation up to September 30, 1988 amounts to $366,303 (1987 - $243,956) which has been placed in trust. In 1987, subsequent to entering into the agreement, the controlling shareholder of this company became an employee of Northlands. Provisions are included in the employment contract to deal with situations where a conflict of interest could arise relative to this matter.

3. Fixed Assets

The details of fixed assets at September 30, are as follows:

	1988			1987
	Cost	**Accumulated depreciation**	**Net book value**	Net book value
Coliseum	**$ 23,064,582**	**$ 8,719,454**	**$14,345,128**	$12,097,580
AgriCom	**38,718,026**	**3,824,876**	**34,893,150**	35,565,504
Other buildings and improvements	**27,318,277**	**14,935,925**	**12,382,352**	13,005,731
Equipment	**11,488,806**	**3,644,878**	**7,843,928**	5,788,479
Properties acquired for future expansion	**8,825,552**		**8,825,552**	8,607,665
Construction in progress	**5,255,334**		**5,255,334**	3,916,750
	$114,670,577	**$31,125,133**	**$83,545,444**	$78,981,709

4. Long-term debt

	1988	1987
Government of Canada loan due December 31, 2004, interest rate 8.595%, annual instalments of $469,324 principal and interest	**$4,115,500**	$4,222,000
Government of Canada loan due December 31, 2004, interest rate 9.025%, annual instalments of $311,662 principal and interest	**2,658,500**	2,724,300
Term bank loan for the AgriCom due April 30, 1999, interest at prime payable monthly, annual principal instalments of $1,200,000 (includes $9,500,000 in Bankers' Acceptances at September 30, 1988)	**9,525,000**	10,725,000
Demand bank loan, interest at prime plus ½ of 1% payable monthly		225,000
	16,299,000	17,896,300
Less amounts due within one year	**1,387,400**	1,597,300
	$14,911,600	$16,299,000

The Government of Canada loans are secured by guarantees of the Government of the Province of Alberta.

Notes to Financial Statements — continued

September 30, 1988

As general collateral for the bank loans the bank holds a registered assignment of book debts. As specific collateral for the term bank loan for the AgriCom, the bank holds a guarantee of the Government of the Province of Alberta, and assignment of the Company's receipts from the Western Canada Lottery Corporation.

Principal payments required over the next five years are as follows:
1989 -$1,387,300; 1990 - $1,403,700; 1991 - $1,421,600; 1992 - $1,441,000 and 1993 -$1,462,100.

5. Contributions for expansion of facilities and capital debt retirement

Accumulated contributions received less amounts amortized are summarized as follows:

	1988	1987
Grants and contributions:		
Western Canada Lottery Corporation (Note 7)	**$30,926,111**	$26,426,111
Province of Alberta	**26,286,253**	26,286,253
Government of Canada	**9,100,000**	9,100,000
City of Edmonton	**3,700,000**	3,700,000
Total grants and contributions received	**70,012,364**	65,512,364
Accumulated amortization	**16,115,704**	14,082,900
Unamortized grants and contributions	**$53,896,660**	$51,429,464

These contributions have been used to finance the acquisition of fixed assets as follows:

	1988		1987	
	Total contributions	**Unamortized amount**	Total contributions	Unamortized amount
Coliseum	**$16,032,786**	**$11,090,987**	$14,629,007	$ 9,998,548
AgriCom	**28,512,191**	**25,949,866**	27,312,191	25,326,559
Other buildings and improvements	**14,174,678**	**9,224,696**	13,939,815	9,508,384
Equipment	**6,205,900**	**2,544,302**	4,544,543	1,509,164
Properties acquired for future expansion	**5,086,809**	**5,086,809**	5,086,809	5,086,809
	$70,012,364	**$53,896,660**	$65,512,365	$51,429,464

Notes to Financial Statements — continued

September 30, 1988

6. Interest expense

The Company has recorded interest expense net of interest income as follows:

	1988	1987
Interest expense:		
Long-term debt	**$1,566,336**	$1,738,066
Current debt	**140,853**	103,549
	1,707,189	1,841,615
Interest income:		
Term and other deposits	**79,937**	550,820
Interest expense net of interest income	**$1,627,252**	$1,290,795

7. Western Canada Lottery Alberta Division

In 1974, Edmonton Northlands and the Calgary Exhibition and Stampede formed a partnership for the purpose of conducting and operating continuing lottery schemes to be marketed throughout the Province of Alberta in accordance with the provisions of the Western Canada Lottery Corporation. The Interprovincial Lottery Licence provides that the proceeds through the lottery schemes are to be used by Foundations with province-wide impact in amateur sport and cultural development, agricultural societies, as well as for capital projects and debt retirement of Edmonton Northlands and the Calgary Exhibition and Stampede.

Under the provisions of the Licence in effect from April 1, 1986 to March 31, 1991, Edmonton Northlands is entitled to receive $5,000,000 annually, $4,500,000 of which must be used to make payments of principal and interest on debts incurred for capital development projects. For the years ended September 30, 1988 and 1987, the following amounts have been reflected in the financial statements with respect to funding received from the Western Canada Lottery Corporation:

	1988	1987
Used for capital projects and debt retirement	**$4,500,000**	$4,500,000
Used for operating purposes	**500,000**	500,000
	$5,000,000	$5,000,000

Notes to Financial Statement — continued

September 30, 1988

8. Contingencies

The City of Edmonton has issued notices to Edmonton Northlands, for substantial property and business taxes for the years 1983 to 1988, for increased lease rentals for 1984 and subsequent years and has demanded payment of a portion of Northlands' reinvested earnings to the City. These financial demands are very significant relative to Northlands' financial position. Northlands has filed Notices of Objection in respect of taxes levied and has disputed the right of the City to claim increased lease rentals and payment of a portion of its reinvested earnings. The City of Edmonton has also filed a Statement of Claim for a declaration that the Northlands reorganization undertaken in 1983 is invalid. A Statement of Defence has been filed by Northlands in support of its position. Negotiations between the parties have continued during 1988 with a view to resolving these issues.

No provision has been made for the amounts, if any, which may have to be paid to the City. Any payments that Edmonton Northlands may be required to make will be accounted for as an adjustment of prior years' reinvested earnings.

9. Comparative figures

Certain 1987 figures have been reclassified to facilitate comparison with the current year.

Auditors' Report

To The Edmonton Public Library Board

We have examined the balance sheet of the Edmonton Public Library Board as at December 31, 1988 and the statements of revenue and expense, surplus (deficit) and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Edmonton Public Library Board as at December 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles set out in the summary of significant accounting policies in note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

Edmonton, Canada
March 3, 1989

Peat Marwick
Chartered Accountants

Balance Sheet

December 31, 1988,
with comparative figures
for 1987
(in thousands of dollars)

	1988	1987
Assets		
Current assets:		
Cash and term deposits	$ 572	609
Accounts receivable	11	5
Prepaid expenses	164	141
	747	755
Fixed assets:		
Land, buildings and equipment	7,361	7,361
Less accumulated depreciation	(5,511)	(4,906))
	1,850	2,455
	$2,597	3,210
Liabilities and Surplus		
Current liabilities:		
Due to The City of Edmonton	$ 553	93
Accounts payable and accrued liabilities	70	148
Unexpended grants and donations	158	113
Accrued interest on debentures	65	81
Current portion of debentures payable	511	605
	1,357	1,040
Debentures payable (note 2)	1,850	2,455
Less current portion	(511)	(605)
	1,339	1,850
Surplus (deficit)	(99)	320
Commitments (note 3)		
	$2,597	3,210

See accompanying notes to financial statements.

Statement of Revenue and Expense

Year ended December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Revenue:		
Grants:		
City of Edmonton	**$11,075**	10,893
Province of Alberta	**2,288**	2,244
Fines and charges	**767**	666
Copiers	**117**	116
Interest	**31**	39
Rental of premises	**50**	50
Other	**63**	51
	14,391	14,059
Expense:		
Salaries, wages and employee benefits	**8,648**	7,924
Maintenance of properties	**1,477**	1,441
Books and library materials	**1,795**	1,826
Supplies	**1,182**	1,137
Property rentals	**918**	941
Debenture interest charges	**197**	247
Depreciation	**605**	555
Bookmobile	**18**	29
	14,840	14,100
Excess of expense over revenue	**$449**	41

See accompanying notes to financial statements.

Statement of Surplus (Deficit)

Year ended December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Unallocated surplus (deficit):		
Balance, beginning of year	**$ 320**	
Excess of expense over revenue	**(449)**	(41)
Interest income	**30**	34
Capital expenditures		(90)
Transfer from surplus allocated for capital projects		94
Transfer from surplus allocated for Library system		323
Balance, end of year	**(99)**	320
Surplus allocated for capital projects:		
Balance, beginning of year		94
Transfer to unallocated surplus		(94)
Balance, end of year		
Surplus allocated for Library system:		
Balance, beginning of year		323
Transfer to unallocated surplus		(323)
Balance, end of year		
Total surplus (deficit), end of year	**$ (99)**	320

See accompanying notes to financial statements.

Statement of Changes in Financial Position

Year ended December 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Operating activities:		
Excess of expense over revenue	**$(449)**	(41)
Add (deduct):		
Item not affecting working capital:		
Depreciation	**605**	555
Net changes in non-cash working capital balances relating to operations:		
Accounts receivable	**(6)**	2
Prepaid expenses	**(23)**	(21)
Accounts payable and accrued liabilities	**(78)**	100
Accrued interest on debentures	**(17)**	(13)
Cash provided by operations	**32**	582
Surplus activities:		
Interest income	**30**	34
Capital expenditures		(90)
Surplus cash provided (used)	**30**	(56)
Financing activities:		
Increase in unexpended grants and donations	**46**	25
Repayment of debentures	**(605)**	(555)
Cash applied to financing activities	**(559)**	(530)
Decrease in cash during the year	**(497)**	(4)
Cash, beginning of year	**516**	520
Cash, end of year	**$ 19**	$516
Cash, end of year:		
Cash and term deposits	**$ 572**	609
Due to The City of Edmonton	**(553)**	(93)
	$ 19	516

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 1988

The Edmonton Public Library Board operates under the authority of The Libraries Act of Alberta and is administered by an independent board which reports to Council of The City of Edmonton. It operates thirteen public libraries and a bookmobile, and derives its revenues from its library operations and grants from The City of Edmonton and the Province of Alberta.

1. Summary of significant accounting policies:

(a) Fixed assets:
In accordance with accounting policies followed by municipal organizations, fixed assets acquired through debenture borrowing prior to 1988 are carried at their original cost less accumulated depreciation. The annual depreciation charge equals the annual principal payment of the debenture debt.

Fixed assets acquired through debenture borrowings subsequent to 1987 are acquired and held by the City of Edmonton on behalf of the Edmonton Public Library Board. The fixed assets, associated debt, and amortization charges are not recorded in the financial statements of the Edmonton Public Library Board but are included in the financial statements of the City of Edmonton. No charge is made to the Edmonton Public Library Board for the use of these fixed assets.

Other fixed assets acquired are expensed in the year of acquisition.

(b) Revenue recognition:
Library fines and charges are recorded on a cash basis.

(c) Allocated surplus:
During 1987 the Board determined that all projects for which surplus had been allocated were complete and directed that the balance of all allocated surplus be transferred to unallocated surplus as at December 31, 1987.

(d) Government grants:
Certain government grants which are used to fund specific programs are applied against the costs of those programs.

(e) Interest on surplus account:
Interest earned on the surplus account funds is recorded within the surplus account.

In all other respects, these financial statements are in accordance with generally accepted accounting principles.

2. Debentures payable:

At December 31, 1988 the Board has outstanding debentures payable in the amount of $1,850,490 at varying interest rates between 5.75% and 12.5%. Certain of the debentures issued to date are eligible for an Alberta Government interest rebate which reduces the effective interest rate to 11% or 9% per year. Rebates of $17,300 in 1988 were applied to reduce interest expense.

Principal and interest payments during the next five years are:

Year	Principal	Interest (before rebates)	Total
1989	$510,816	173,433	684,249
1990	473,849	126,403	600,252
1991	421,348	84,891	506,239
1992	332,684	47,149	379,833
1993	24,832	12,847	37,679

Notes to Financial Statements — continued

3. Commitments:

The Board is committed to the following annual lease payments for library facilities. These payments do not include common area operating costs.

Capilano branch	$33,460 per annum to January 31, 1990
Castledowns branch	$46,000 per annum to May 14, 1991
Londonderry branch	$60,000 per annum to January 31, 1994
Southgate branch	$95,190 per annum to August 31, 1990
Mill Woods branch	$119,736 per annum to August 31, 1990
	$146,344 per annum to August 31, 1992
	$172,952 per annum to August 31, 1994
	$199,560 per annum to August 31, 1998
	$260,758 per annum to August 31, 2003

4. Contract settlement:

During 1988 the Board reached a contract settlement with union employees which provided for a wage increase of four percent retroactive to September, 1987. Retroactive amounts of approximately $61,000 have been recorded as expenditures within 1988.

5. 1987 comparative figures:

Certain of the 1987 figures have been reclassified to conform with the current year's presentation.

Auditors' Report

To the Chairman and Members of
the Board of Governors of the
Royal Alexandra Hospitals:

We have examined the Balance Sheets of the Royal Alexandra Hospitals' Integrated Fund, Endowment and Special Purpose Fund and Anderson Hall as at March 31, 1988 and the following statements for the year then ended:

Integrated Fund	- Statement of Revenue and Expenses
	- Statement of Unappropriated Equity
	- Statement of Changes in Financial Position
Endowment and Special Purpose Fund	- Statement of Expendable Equity
Anderson Hall	- Statement of Unappropriated Equity

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the hospitals as at March 31, 1988 and the results of their operations and the changes in their financial position for the year then ended in accordance with the accounting principles as described in note 2 applied on a basis consistent with that of the preceding year.

Edmonton, Canada
June 29, 1988

Peat Marwick
Chartered Accountants

Integrated Fund

Balance Sheet

March 31, 1988,
with comparative figures
for 1987
(in thousands of dollars)

Statement 1A

	1988	1987
Assets		
Operating:		
Cash and term deposits	**$ 1,249**	3,286
Accounts receivable and recoverable:		
Patients	**718**	1,034
Province of Alberta	**131**	87
Due from Anderson Hall	**17**	10
Sundry	**312**	534
Inventory of supplies — at cost	**1,906**	1,723
Prepaid expenses	**344**	474
	4,677	7,148
Capital grants receivable — Province of Alberta	**1,316**	1,346
Total current assets	**5,993**	8,494
Buildings, land improvements and equipment (note 3)	**49,097**	46,833
	$55,090	55,327
Liabilities and Equity		
Operating:		
Accounts payable and accrued liabilities	**$ 4,856**	7,248
Due to Endowment and Special Purpose Fund	**228**	760
Current portion of debenture payable	**95**	83
	5,179	8,091
Capital holdbacks payable	**14**	47
Total current liabilities	**5,193**	8,138
Debenture payable (note 4)	**3,538**	3,634
Total liabilities	**8,731**	11,772
Unappropriated equity (Statement 3)	**46,359**	43,555
Commitments (note 6)		
	$55,090	55,327

See accompanying notes to financial statements.

Statement 1B

Endowment and Special Purpose Fund Balance Sheet

March 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Assets		
Cash and term deposits	**$9,208**	8,023
Other investments — at cost	**1**	1
Student loans receivable	**6**	14
Due from The City of Edmonton	**29**	35
Accounts receivable	**24**	26
Due from Integrated Fund	**228**	760
	$9,496	8,859
Liabilities and Equity		
Parking pass deposits	**$ 4**	
Accrued interest payable	**367**	375
	371	375
Endowment equity	**1**	1
Expendable equity (Statement 5)	**9,124**	8,483
	9,125	8,484
	$9,496	8,859

See accompanying notes to financial statements.

Statement 1C

Anderson Hall Balance Sheet

March 31, 1988, with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Assets		
Current assets	**$ 209**	141
Building and equipment — at cost less accumulated depreciation	**1,063**	1,088
	$1,272	1,229
Liabilities and Equity		
Accounts payable and accrued liabilities	**$ 28**	29
Due to Integrated Fund	**17**	10
Debenture payable (note 4)	**902**	909
	947	948
Contributed surplus	**124**	124
Unappropriated equity (Statement 6)	**201**	157
	325	281
	$1,272	1,229

See accompanying notes to financial statements.

Integrated Fund

Statement of

Revenue and

Expenses

Year ended
March 31, 1988,
with comparative figures
for 1987
(in thousands of dollars)

Statement 2

	1988	1987
Revenue — patient:		
Provincial Government grants:		
Global payments	**$107,240**	107,791
Uninsured services	**3,970**	4,609
Admitting fees and differential charges — net (note 5)	**447**	514
Other	**51**	51
	111,708	112,965
Other revenue:		
Provincial Government grants:		
Medical education	**1,160**	1,176
School of nursing	**2,248**	2,396
Other	**157**	241
Food services	**1,666**	1,723
Miscellaneous	**518**	548
Recoveries from other hospitals	**158**	186
	5,907	6,270
Total revenue	**117,615**	119,235
Expenses:		
Salaries and wages	**78,855**	81,159
Employee benefits	**8,536**	8,083
Medical and surgical supplies	**7,246**	7,259
Drugs	**4,250**	4,086
General expenditures	**18,262**	18,205
Total expenses	**117,149**	118,792
Operating surplus for the year	**$ 466**	443

See accompanying notes to financial statements.

Integrated Fund

Statement of

Unappropriated

Equity

Year ended
March 31, 1988,
with comparative figures
for 1987
(in thousands of dollars)

Statement 3

	1988	1987
Balance, beginning of year	**$43,555**	41,181
Add:		
Operating surplus for the year (Statement 2)	**466**	443
Capital grants — Province of Alberta	**3,967**	4,161
Capital contributions from Endowment and Special Purpose Fund	**1,452**	770
	5,885	5,374
Less:		
Depreciation and amortization	**3,031**	2,850
Cost of assets disposed of, retired or written off during the period (net of accumulated depreciation)	**50**	150
	3,081	3,000
Balance, end of year	**$46,359**	43,555

See accompanying notes to financial statements.

Integrated Fund

Statement of

Changes in

Financial

Position

Year ended
March 31, 1988,
with comparative figures
for 1987
(in thousands of dollars)

Statement 4

	1988	1987
Operating activities:		
Operating surplus for the year	**$ 466**	443
Add (deduct):		
Net changes in non-cash working capital balances relating to operations:		
Accounts receivable	**487**	2,026
Inventory	**(183)**	(258)
Prepaid expenses	**130**	(127)
Accounts payable	**(2,553)**	457
Due to Endowment and Special Purpose Fund	**(532)**	(58)
Cash provided by (applied to) operations	**(2,185)**	2,483
Investing activities:		
Purchase of fixed assets	**(5,346)**	(4,858)
Capital grants — Province of Alberta	**3,967**	4,161
Capital contributions from the Endowment and Special Purpose Fund	**1,452**	770
Decrease in capital grants receivable — Province of Alberta	**30**	347
Increase in accounts payable for capital additions	**161**	
Decrease in capital holdbacks payable	**(33)**	(8)
Cash provided by investing activities	**231**	412
Financing activities:		
Repayment of long-term debt	**(83)**	(73)
Cash applied to financing activities	**(83)**	(73)
Increase (decrease) in cash	**(2,037)**	2,822
Cash and term deposits, beginning of year	**3,286**	464
Cash and term deposits, end of year	**$ 1,249**	3,286

See accompanying notes to financial statements.

Endowment and Special Purpose Fund Statement of Expenditure Equity

Year ended March 31, 1988, with comparative figures for 1987 (in thousands of dollars)

Statement 5

	1988	1987
Balance, beginning of year:		
As previously reported	$8,483	7,000
Prior period adjustment		9
As restated	8,483	6,991
Add:		
Interest (note 1)	1,495	1,395
Parking lot revenues	969	1,007
Discretionary portion of admitting fees and differential charges (note 5)	64	499
Donations and grants	511	470
School of Nursing surplus	143	36
Other	21	34
Vending machine revenues	28	31
Provincial Government grants	225	20
Prenatal classes and tours revenues	27	11
Transfer from long-term equity	1	5
	3,484	3,508
Deduct payments and appropriations:		
Capital additions — equipment and renovations	1,369	697
Parkade debenture interest	401	409
Parking expenses	295	357
Research	243	230
Transfer to integrated fund revenue to cover bad debts	67	88
Parkade debenture principal	83	73
Education and staff development	51	64
Expenditures from donation fund	180	51
Other	57	19
Vending machine expenses	15	15
Scholarships and awards	7	7
Prenatal classes and tours expense	19	6
Redevelopment project	56	
	2,843	2,016
Balance, end of year	$9,124	8,483

See accompanying notes to financial statements.

Statement 6

	1988	1987
Unappropriated equity, beginning of year	$ 157	129
Operating surplus for the year (note 1)	44	28
Unappropriated equity, end of year	$ 201	157

See accompanying notes to financial statements.

Year ended March 31, 1988, with comparative figures for 1987 (in thousands of dollars)

Notes to Financial Statements

March 31, 1988

1. Nature of operations and financial statement presentation:

The Royal Alexandra Hospitals are a 932 bed hospital complex owned by The City of Edmonton. The hospitals provide a full range of hospital services for central and northern Alberta.

The financial statements are prepared on a fund basis as follows:

Integrated Fund — includes the operating and capital assets of the hospitals.

Endowment and Special Purpose Fund — represents all assets held for special purposes including assets held as endowments. Interest earned from deposits in the Integrated Fund of $816,946 in 1988 ($809,770 in 1987) is recorded in the Endowment and Special Purpose Fund. Room differential charges in excess of the amount collected from those sources during the 1982/83 fiscal year are also recorded in this fund. Reductions to this fund are as allowed by the Alberta Hospitalization Benefits Regulation described in note 2(a).

Anderson Hall — includes the assets, liabilities and equity of Anderson Hall which is a student apartment building. The revenues and expenses are not reflected in the hospitals' statement of revenue and expenses, but are reported on in separate audited financial statements which show an operating surplus of $44,208 in 1988 ($27,612 in 1987).

2. Accounting principles:

The financial statements have been prepared in accordance with generally accepted accounting principles except that i) depreciation provided on Integrated Fund assets is charged to unappropriated equity; ii) all leases are accounted for as operating leases; and iii) discretionary revenue has been recorded in the Endowment and Special Purpose Fund.

The following are the significant principles:

(a) Revenue recognition:
The Alberta Hospitalization Benefits Regulations defines discretionary revenue as (i) authorized admission fees and preferred accommodation charges in excess of the amount collected from those sources during the 1982/83 fiscal year, (ii) donations, (iii) foundations, (iv) user charges, (v) net income from ancillary operations, and (vi) interest earned on investments. Discretionary revenue is not included in the operating surplus determined in accordance with the regulations.

In these financial statements discretionary revenue has not been included in the statement of revenue and expenses but has been included in the statement of expendable equity of the Endowment and Special Purpose Fund. The use of these funds is recorded as a reduction of the Endowment and Special Purpose Fund expendable equity.

Where the funds have been used to cover an operating expenditure of the hospitals, they have been recorded as revenue of the Integrated Fund.

(b) Capitalization policy:
Buildings, land improvements and major equipment additions are capitalized at cost.

Original minor equipment purchases are capitalized at cost. All subsequent minor equipment additions and replacements are expensed in the period of acquisition.

As fixed assets are disposed of or retired, the original cost and related accumulated depreciation are removed from the appropriate asset accounts and unappropriated equity.

Notes to Financial Statements — continued

March 31, 1988

(c) Depreciation:
Depreciation on buildings, land improvements and major equipment is provided on the straight-line basis at rates sufficient to amortize the costs of the assets over their estimated useful lives. The depreciation rates are as follows:

Buildings	2%
Parking lot	10%
Major equipment	6.7%
Leasehold improvements	20%

Capital assets are funded by the Alberta Department of Hospitals and Medical Care and by expendable equity from the Endowment and Special Purpose Fund at the time of purchase. The assets are recorded at cost and the funding is added to unappropriated equity. Accordingly, depreciation is not recognized as a shareable expense but is charged directly to unappropriated equity.

(d) Leases:
Lease payments are expensed as they occur on all forms of leases. Under generally accepted accounting principles, a lease that transfers substantially all of the benefits and risks of ownership to the lessee should be accounted for as a capital lease by the lessee. Had such leases been accounted for as capital leases, the operating surplus for the current year would have been decreased by $19,800, assets would have been increased by $1,955,613, obligations would have been increased by $2,124,293, and unappropriated equity at beginning of year would have been reduced by $168,680.

3. Buildings, land improvements and equipment:

All buildings and land improvement are the property of The City of Edmonton.

The major components are as follows:

	1988	1987
Buildings:		
Parkade and incinerator facilities	**$11,866,702**	11,866,702
General hospital	**14,689,464**	13,352,784
Women's hospital	**7,472,636**	7,296,276
Children's pavilion	**3,342,240**	3,342,240
School of nursing and residence	**3,157,867**	3,153,268
Food services pavilion	**1,396,688**	1,303,588
Leasehold improvements	**272,880**	272,880
Greenhouses	**3,986**	3,986
	42,202,463	40,591,724
Parking lot surfacing and other ground improvements	**531,973**	531,973
Major equipment	**32,575,956**	29,762,287
Minor equipment	**368,388**	365,807
Construction in progress	**450,343**	297,504
Total buildings, land improvements and equipment	**76,129,123**	71,549,295
Deduct accumulated depreciation and amortization	**27,031,798**	24,716,315
Net buildings, land improvements and equipment	**$49,097,325**	46,832,980

Notes to Financial Statements — continued

March 31, 1988

4. Debentures payable:

The debenture debt is held by the Alberta Municipal Financing Corporation and is used to finance the parkade, incinerator, and ancillary facility.

The debt bears interest at 14¼% per annum but is eligible for the Province of Alberta interest rebate subsidy which reduces the effective rate to 11%. Annual payments to May 1, 2001 will be made from the Endowment and Special Purpose Fund. The next five annual principal repayments are:

May 1, 1988	$ 94,894
May 1, 1989	108,416
May 1, 1990	123,866
May 1, 1991	141,516
May 1, 1992	161,683

The debenture related to Anderson Hall is payable to Central Mortgage and Housing Corporation in semi-annual instalments of $34,874 (including interest at 6⅞% per annum) to June 1, 2020. The hospitals are considering demolition of Anderson Hall to expand the hospitals' facilities. No contract for this work has been signed and demolition is not expected to commence within the next year. If demolition proceeds, the debenture, which is secured by the building, will become payable at the time of demolition.

5. Admitting fees and differential charges – net (see note 2(a)):

	1988	1987
Admitting fees	**$**	128,670
Differential charges for preferred accommodation	**511,040**	883,296
	511,040	1,011,966
Discretionary portion transferred to expandable equity	**64,160**	498,296
Admitting fees and differential charges — net	**$446,880**	513,670

6. Commitments:

Future minimum lease payment requirements over the next five years, under leases relating primarily to computer and office equipment, are as follows:

1989	$1,003,654
1990	765,103
1991	626,209
1992	455,957
1993	207,215

Subsequent to March 31, 1988, the Hospitals entered into an additional lease for computer equipment. Commencing June 15, 1988, additional future payments for the next five years are as follows:

1989	$166,078
1990	221,437
1991	221,437
1992	221,437
1993	221,437

Auditors' Report

To the Board of Trustees of
The Edmonton School District No. 7

We have examined the balance sheet of The Edmonton School District No. 7 as at August 31, 1988 and the operating fund statement of revenue, expenditures and surplus and the capital and loan fund statements of capital invested in fixed assets and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of The Edmonton School District No. 7 as at August 31, 1988 and the results of its operations and the changes in financial position of the capital and loan fund for the year then ended in accordance with the disclosed basis of accounting as explained in the basis of accounting note included in the Summary of Significant Accounting Policies, applied on a basis consistent with that of the preceding year.

Edmonton, Alberta
October 21, 1988

Thorne Ernst & Whinney
Chartered Accountants

Balance Sheet

	as at August 31 1988	1987
		(thousands of dollars)
ASSETS		
OPERATING FUND		
CURRENT ASSETS		
Accounts receivable	**$ 23,211**	$ 22,505
Inventory of supplies	**2,116**	1,817
Due from capital and loan fund	**7,794**	8,841
Prepaid expenditures	**537**	444
	33,658	33,607
TRUST ASSETS		
Term deposits and investment certificates	**431**	382
	34,089	33,989
SCHOOL GENERATED ASSETS (note 1)	**1,874**	1,862
Total Operating Fund	**35,963**	35,851
CAPITAL AND LOAN FUND		
FIXED ASSETS		
Land and improvements	**9,723**	8,941
Buildings, furniture and equipment	**357,912**	344,265
Total Capital and Loan Fund	**367,635**	353,206
	$403,598	$389,057

Balance Sheet

	1988	as at August 31, 1987
		(thousands of dollars)
LIABILITIES, SURPLUS AND CAPITAL		
OPERATING FUND		
CURRENT LIABILITIES		
Bank indebtedness	**$ 18,214**	$ 26,337
Accounts payable and accrued liabilities	**4,627**	4,076
Purchase commitments	**3,279**	2,655
Deferred revenue	**549**	1,004
	26,669	34,072
ACCUMULATED DESIGNATED SURPLUS (DEFICIT)	**6,989**	(465)
	33,658	33,607
TRUST LIABILITIES		
Scholarships and awards	**431**	382
	34,089	33,989
SCHOOL GENERATED LIABILITIES (note 1)	**1,874**	1,862
Total Operating Fund	**35,963**	35,851
CAPITAL AND LOAN FUND		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**2,608**	531
Due to operating fund	**7,794**	8,841
	10,402	9,372
LONG-TERM DEBT (note 2)		
Capital loans	**1,456**	1,976
Debenture debt	**118,079**	119,821
	119,535	121,797
CAPITAL		
Capital surplus	**475**	471
Capital invested in fixed assets	**237,223**	221,566
	237,698	222,037
Total Capital and Loan Fund	**367,635**	353,206
	$403,598	$389,057

Capital construction commitment (note 3)
Subsequent event (note 4)

Operating Fund Statement of Revenue, Expenditures and Surplus

	Year ended August 31, 1988	1987
		(thousands of dollars)
Revenue		
School foundation program fund	**$140,747**	$147,734
Provinical grants	**29,238**	37,619
Supplementary requisitions	**117,423**	112,002
Other	**17,028**	12,862
	304,436	310,217
School generated fund	**10,246**	8,252
	314,682	318,469
Expenditures		
Salaries and employee benefits	**231,622**	235,278
Debt service, including bank interest	**26,066**	28,157
Utility services	**7,397**	8,307
Transportation services	**8,272**	8,035
Other services	**6,884**	7,591
Supplies and materials	**11,347**	12,194
Furniture and equipment	**5,394**	7,960
	296,982	307,522
School generated activities	**10,246**	8,252
	307,228	315,774
SURPLUS FOR THE YEAR	**7,454**	2,695
Accumulated deficit at beginning of year	**(465)**	(3,160)
ACCUMULATED DESIGNATED SURPLUS (DEFICIT) AT END OF YEAR	**$ 6,989**	$ (465)

Capital and Loan Fund Statement of Capital Invested in Fixed Assets

	Year ended August 31, 1988	1987
		(thousands of dollars)
CAPITAL INVESTED DURING THE YEAR FROM OPERATING FUNDS		
Furniture and equipment	**$ 5,394**	$ 7,960
Repayment of debentures	**9,712**	10,091
Repayment of capital loans	**551**	289
	15,657	18,340
Balance at beginning of year	**221,566**	203,226
BALANCE AT END OF YEAR	**$237,223**	$221,566

Capital and Loan Fund Statement of Changes in Financial Position

	Year ended August 31, 1988	1987
FUNDS DERIVED FROM	(in thousands of dollars)	
Issue of debentures	**$ 7,970**	$ 3,677
Capital loans	**31**	1,320
Increase in capital invested in fixed assets	**15,657**	18,340
Proceeds from disposal of land	**4**	18
	23,662	23,355
FUNDS APPLIED TO		
Cost of additions to		
Land and improvements	**782**	2
Buildings, furniture and equipment	**13,647**	12,890
Repayment of debentures	**9,712**	10,091
Repayment of capital loans	**551**	289
	24,692	23,272
DECREASE (INCREASE) IN FUNDS PAYABLE	**1,030**	(83)
Funds payable at beginning of year	**9,372**	9,455
FUNDS PAYABLE AT END OF YEAR	**$10,402**	$9,372
Represented by:		
Accounts payable and accrued liabilities	**$2,608**	$ 531
Due to operating fund	**7,794**	8,841
	$10,402	$9,372

Notes to Financial Statements

Year ended August 31, 1988

GENERAL

Pursuant to the provisions of Alberta's School Act and through bylaws approved by its Board of Trustees, The Edmonton School District No. 7 is empowered to provide public education to its residents.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

Revenue, including grants from the Alberta government, and expenditures are recorded on the accrual basis except as follows:

(1) Salaries are recorded when paid.

(2) Operating fund purchase commitments are recorded in the year in which the goods or services are ordered.

(3) Principal and interest on debenture debt and capital loans are recorded when paid.

(4) Local improvement charges on new school sites are recorded when billed by the City of Edmonton.

Inventory of supplies

Inventory of supplies is valued at average cost.

Fixed assets

Fixed assets, including buildings, building additions, major capital improvements and furniture and equipment, are recorded at cost in the capital and loan fund.

Operating fund expenditures made during the year for replacement of, or additions to, furniture and equipment are recorded as contributions to the capital and loan fund. In the capital and loan fund, these items are recorded as fixed assets and as an increase to capital invested in fixed assets.

Depreciation of fixed assets is not recorded in these financial statements.

Notes to Financial Statements — continued

Year ended August 31, 1988

1. SCHOOL GENERATED ASSETS AND LIABILITIES

School generated assets arise from the receipt of monies for various services and activities offered by individual schools such as student unions, yearbooks, instructional materials, textbook rentals, field trips and fund-raising projects of various types. Any excess of receipts over disbursements from these services and activities are placed on deposit with various chartered banks and are available for future use by the schools.

	1988	1987
		(thousands of dollars)
School Generated Assets		
Cash	**$ 763**	$ 688
Term deposits	**954**	1,032
	1,717	1,720
Inventory		
Bookstore	**113**	109
Cafeteria	**20**	24
	133	133
Other	**24**	9
	$1,874	$1,862
School Generated Liabilities		
Amounts on deposit and held for future use by schools	**$1,874**	$1,862

Certain 1987 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

2. LONG-TERM DEBT

Payments for each of the next five years on capital loan and debenture debt outstanding at August 31, 1988 are approximately as follows:

Year ending August 31	**Principal**	**Interest**
		(thousands of dollars)
1989	$9,881	$14,193
1990	9,396	13,012
1991	8,941	11,936
1992	8,601	10,899
1993	8,193	9,894

Approximately 67 percent of the capital loan and debenture debt outstanding at August 31, 1988 is funded by the provincial government.

3. CAPITAL CONSTRUCTION

At August 31, 1988 the commitment for the uncompleted portion of the construction program amounted to $6,879,000 (1987: $214,000). Substantially all of the construction program is to be financed through debenture borrowings which have been approved by the Local Authorities Board.

4. SUBSEQUENT EVENT

Effective October 20, 1988, the District and the Alberta Teachers' Association ratified a collective agreement for the two year period, September 1, 1987 to August 31, 1989. The agreement calls for a one per cent increase in teachers' salaries for each of the periods September 1, 1987 to December 31, 1987 and January 1, 1988 to August 31, 1988. The estimated $2,710,000 increase in teachers' salaries for the year ended August 31, 1988 has been included in these financial statements.

Auditors' Report

To the Board of Trustees of Edmonton R.C. Separate School District No. 7:

We have examined the balance sheets of the capital and loan fund and the operating fund of Edmonton R.C. Separate School District No. 7 ("the District") as at August 31, 1988 and the statements of capital reserves and equity, operating revenue and expenditures and deficit, changes in the capital and loan fund and changes in financial position for the operating fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the District as at August 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has not been subjected to the auditing procedures applied in the examination of the basic financial statements, and accordingly we express no opinion on it.

Edmonton, Canada
November 9, 1988

Peat Marwick
Chartered Accountants

Capital and Loan Fund

Balance Sheet

August 31, 1988
with comparative figures for 1987
(in thousands of dollars)

	1988	1987
Assets		
Fixed:		
Land and servicing costs	$ 4,873	4,875
Buildings	112,983	110,597
Furniture and equipment	19,575	19,054
	$137,431	134,526
Liabilities and Equity		
Accounts payable	568	
Payable to operating fund	2,193	1,366
Construction holdbacks payable	33	33
Short-term capital loans (note 2)	132	153
Debenture debt (note 3)	49,125	51,679
Capital reserves and equity	85,380	81,295
	$137,431	134,526

See accompanying notes to financial statements.

Operating Fund

Balance Sheet

August 31, 1988
with comparative figures
for 1987
(in thousands of dollars)

	1988	1987
Assets		
Cash held in trust	**$ 203**	193
Receivable from capital fund	**2,193**	1,366
Accounts receivable:		
Province of Alberta	**455**	479
City of Edmonton	**6,929**	6,590
Other	**1,207**	468
Inventories at average cost	**1,000**	771
Prepaid expenses	**281**	380
	$12,268	10,247
Liabilities and Equity		
Bank indebtedness (note 4):		
Cheques issued in excess of bank balances	**$ 304**	468
Demand loan	**4,200**	2,125
Accounts payable and accrued charges	**5,027**	4,286
Outstanding purchase commitments	**305**	199
Deferred revenue	**3,018**	3,172
Trust liabilities	**1,261**	1,457
Operating deficit	**(1,847)**	(1,460)
Contingencies (note 7)		
	$12,268	10,247

See accompanying notes to financial statements.

Statement of Capital Reserves and Equity

Year ended
August 31, 1988
with comparative figures
for 1987
(in thousands of dollars)

	1988	1987
Balance of equity, beginning of year	**$80,947**	76,544
Contributions from operating fund	**675**	767
Debentures redeemed	**3,913**	3,858
Appropriation from equity to capital reserves		117
Amortization of B.Q.R.P. expenditures	**(517)**	(451)
Short-term capital loans paid	**112**	112
Increase in equity during year	**4,183**	4,403
Balance of equity, end of year	**$85,130**	80,947
Balance of capital reserves, beginning of year	**$ 348**	465
Appropriation from capital reserves to equity		(117)
Application of equity	**(98)**	
Balance of capital reserves, end of year	**$ 250**	348
Total capital reserves and equity, end of year	**$85,380**	$81,295

See accompanying notes to financial statements.

Statement of Operating Revenue and Expenditures and Deficit

Year ended August 31, 1988 with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Revenue (Schedule 1):		
Provincial foundation plan	**$59,679**	61,700
Other provincial grants	**10,631**	12,478
Supplementary requisition	**40,899**	38,972
Federal government	**854**	855
Other revenue	**4,924**	4,198
	116,987	118,203
Expenditures (Schedule 2):		
Salaries	**83,326**	83,287
Employee benefits and allowances	**7,168**	7,008
Services purchased and contracted	**12,939**	13,874
Supplies and materials	**3,007**	3,062
Contributions to capital fund	**675**	766
Debt services	**10,259**	10,614
	117,374	118,611
Excess of expenditures over revenue for the year	**(387)**	(408)
Prior period adjustments		(22)
Operating deficit, beginning of year	**(1,460)**	(1,030)
Operating deficit, end of year	**$(1,847)**	(1,460)

See accompanying notes to financial statements.

Statement of Changes in the Capital and Loan Fund

Year ended August 31, 1988 with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Funds provided:		
Increase in accounts payable	$ 568	
Debentures issued	1,360	2,445
Proceeds of short-term capital loans	91	
Proceeds on sale of land	2	
Increase in capital reserves and equity	4,085	4,285
Amortization of BQRP Expenditures	517	451
Funds provided	6,623	7,181
Funds applied:		
Purchases of:		
Buildings	2,904	2,288
Furniture and equipment	521	1,075
Debentures redeemed	3,913	3,858
Short-term capital loans paid	112	112
Reduction of construction holdbacks payable		33
Funds applied to capital	7,450	7,366
Increase in payable to operating fund during the year	827	185
Payable to operating fund, beginning of year	1,366	1,181
Payable to operating fund, end of year	$2,193	1,366

See accompanying notes to financial statements.

Statement of Changes in Financial Position for the Operating Fund

Year ended August 31, 1988 with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Operating activities:		
Excess of expenditures over revenue	$ (387)	(408)
Add (deduct):		
Items not affecting working capital:		
Prior period adjustment		(22)
Net changes in non-cash working capital balances relating to operations:		
Cash held in trust	(10)	41
Receivable from capital fund	(827)	(185)
Accounts receivable:		
Province of Alberta	24	750
City of Edmonton	(339)	(285)
Other	(739)	471
Inventories	(229)	203
Accounts payable and accrued charges	741	(780)
Outstanding purchase commitments	106	(166)
Deferred revenue	(154)	66
Trust liabilities	(196)	1,224
Prepaid expenses	99	90
Cash provided by (applied to) operations	(1,911)	999
Bank indebtedness, beginning of year	2,593	3,592
Bank indebtedness, end of year	$4,504	2,593
Represented by:		
Cheques issued in excess of bank balances	$ 304	468
Demand loan	4,200	2,125
	$4,504	2,593

See accompanying notes to financial statements.

Notes to Financial Statements

August 31, 1988

The Edmonton R.C. Separate School District No. 7 operates under the provisions of the Alberta Schools Act and has been in operation for 100 years. The District is directed by an elected Board of Trustees, has approximately 2,300 employees and 85 schools, and is responsible for the education of approximately 27,800 students.

1. Significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles except for the following accounting policies which are consistent with the accounting principles used by the Alberta Department of Education for Alberta School Districts.

(a) Fixed assets:
Fixed assets are recorded at cost. No depreciation has been provided for in these financial statements.

Building Quality Restoration Program (B.Q.R.P.) expenditures are capitalized to the extent that they are funded by debentures or short-term capital loans.

Amortization of the B.Q.R.P. assets is provided to the extent of the related debenture and short-term capital loan principal payments.

(b) Purchase commitments and unexpended decentralized budgets:
The District follows the policy of recording operating fund purchase commitments and unexpended decentralized school budgets as expenditures in the year the funds are committed or budgeted rather than in the year the goods and services are received and the actual liability incurred. In a period where schools spend in excess of the budget, the amount relating to future school years is recorded as accounts receivable.

(c) Interest on debentures:
Interest on debenture debt is recorded as an expenditure when paid. No provision for accrued interest payable on debenture debt has been recorded in these financial statements as payment of this interest is funded through the Provincial Foundation Plan.

(d) Prior period adjustments:
All items affecting operations of previous periods are adjusted directly through the surplus (deficit) account.

(e) Deferred revenue:
The District follows the policy of matching the funding received for debenture repayments with debenture principal and interest repayments for the period. Funding received in advance of repayments is recorded as deferred revenue.

Revenue received in advance of the school year to which it relates is also recorded as deferred revenue.

2. Short-term capital loans:

Short-term capital loans are payable in annual payments bearing interest at the bank's prime lending rate. The repayment of loans and interest thereon is funded by the Provincial Foundation Plan.

Notes to Financial Statements — continued

August 31, 1988

3. Debenture debt:

Principal and interest payments on debenture debt are due as follows:

	Principal	Interest
1988	$ 3,859,401	5,508,540
1989	3,811,401	5,088,441
1990	3,731,401	4,695,872
1991	3,604,801	4,307,901
1992	3,423,120	3,927,228
1993 to maturity	30,695,051	21,598,884
	$49,125,175	45,126,866

Existing debenture debt matures in annual amounts to the year 2008 and debenture interest is repayable at rates ranging from 5.75% to 12.5% per annum. Repayment of debentures and interest thereon is funded by the Provincial Foundation Plan.

4. Bank indebtedness:

Bank indebtedness is secured by an operating loan borrowing resolution of $10,000,000 which is renewed annually. Interest is calculated on the outstanding balance at the bank's prime lending rate.

5. School generated funds:

Funds may be generated by individual schools through fund-raising projects, incidental sales and other activities. The receipts and disbursements related to these funds are not included in the accounting records of the District and, therefore, are not reflected in these financial statements.

6. Comparative figures:

Certain figures have been reclassified to conform with the presentation adopted in the current year.

7. Contingencies:

The District is defendant in various lawsuits as of August 31, 1988. While it is not possible to estimate the liability with respect to these lawsuits, management is of the belief there will be no material adverse effect on the financial position of the District.

Schedule of

Operating Revenue

by Source

Year ended
August 31, 1988
with comparative figures
for 1987
(in thousands of dollars)

Schedule 1

	1988	1987
Province of Alberta:		
Provincial Foundation Plan:		
Per pupil grants	$ 48,127	49,186
Transportation and boarding allowance	3,100	3,297
Debt retirement	8,197	8,465
Building Quality Restoration Program	123	585
Approved credit loans	132	167
	59,679	61,700
Other provincial grants:		
Special education program	4,337	4,481
Vocational pupils C.E.U.'s	533	641
Integrated occupational program	28	
Extension program	74	69
Initiation to teaching	1	570
Teachers' inservice		238
Institutional	277	87
Native education project	42	
Educational opportunity fund		1,002
Early childhood services	3,163	3,173
English as a second language	237	263
Wards of the province	20	20
Equity grants	597	557
Polish and Ukrainian languages	80	85
Other	688	609
Official language (French)	407	396
Community schools	147	287
	10,631	12,478
Supplementary requisition	40,899	38,972
Federal government:		
Tuition fees	187	176
French grants	662	679
Intercultural education	5	
	854	855
Other revenue:		
Tuition fees and transportation	2,379	1,903
Textbook rentals	630	575
Rental fees	1,482	1,388
Investment income	304	238
Sundry	129	94
	4,924	4,198
	$116,987	118,203

Schedule 2

Schedule of Operating Expenditures by Object

Year ended August 31, 1988 with comparative figures for 1987 (in thousands of dollars)

	1988	1987
Salaries:		
Teaching regular	$ 63,703	63,845
Teaching temporary	1,060	1,021
Non-teaching regular	17,793	17,722
Non-teaching temporary	719	649
Trustees' remuneration	51	50
	83,326	83,287
Employee benefits and allowances:		
Distributed benefits	6,884	6,495
Advanced study and bursaries	267	512
In-service training	17	1
	7,168	7,008
Services purchased and contracted:		
Professional and technical	654	985
Postage and telegraph	54	42
Public utility service	3,515	3,697
Travel and subsistence	325	351
Transportation of pupils	5,036	4,749
Maintenance and repair	1,546	2,397
Rental	435	417
Taxes	29	37
Tuition	553	404
Dues and fees	156	183
Printing	170	125
Insurance and bond premiums	385	421
Advertising	81	66
	12,939	13,874
Supplies and materials:		
Supplies	1,787	1,711
Textbooks	853	1,014
Media materials	379	375
Warehouse inventory adjustment	(4)	(25)
Maintenance inventory adjustment	(8)	(13)
	3,007	3,062
Contributions to capital fund:		
Equipment and furniture	635	745
Vehicles	40	21
	675	766
Debt services:		
Debenture debt principal	3,914	3,858
Debenture debt interest	6,000	6,402
Short-term capital loan principal	112	112
Short-term capital loan interest	18	22
Bank interest and charges	215	220
	10,259	10,614
	$117,374	118,611

Schedule of

Per Pupil Costs

Year ended
August 31, 1988
with comparative figures
for 1987
(Unaudited)

Schedule 3

	1988 (in thousands of dollars)	Per Pupil (Based on September Enrollment)	1987 (in thousands of dollars)	Per Pupil (Based on September Enrollment)
Instructional expenses:				
Teachers' salaries, pupil and classroom supplies and textbooks	$ 71,719	2,691.45	71,971	2,739.44
Special education:				
Teachers' salaries, pupil and classroom supplies and textbooks	$ 7,512	281.90	7,096	270.12
Administration:				
Salaries, stationery, and supplies	5,813	229.40	6,242	237.58
Operation and maintenance:				
Salaries, utilities and maintenance	15,589	585.02	16,320	621.19
Transportation of pupils	5,100	191.42	4,813	183.19
Debt services:				
Debenture interest, redemption and bank charges	10,259	384.98	10,614	404.00
	115,992	4,364.17	117,056	4,455.52
Community services	1,382		1,555	
	$117,374		118,611	
September enrollment:				
Kindergarten (full-time equivalent)	1,213		1,167	
Elementary	12,657		12,312	
Junior high	5,433		5,378	
Senior high	6,083		6,236	
Special education	1,261		1,179	
Total enrollment	26,647		26,272	